

Metsimaholo Local Municipality



2017/2018 Medium Term Revenue and Expenditure Framework (MTREF)

Budget Document

March 2017

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Annexure

Annexure A Detailed Capital Budget per project.....	
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Abbreviations and Acronyms

AMR	Automated Meter Reading	MEC	Member of the Executive Committee
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act Programme
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CBD	Central Business District	MM	Municipal Manager
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
IBT	Inclining Block Tariff	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
l	litre		
LED	Local Economic Development		

Part 1 – Annual Budget

1.1 Mayor's Report

Only at Council meeting of May 2017

1.2 Council Resolutions

The Council takes cognisance of the draft annual budget of the municipality for the financial year 2017/18. The public must be invited to comment and thereafter it be resubmitted to Council for approval.

The Council takes cognisance of **the following resolutions:**

1. The annual budget of the municipality for the 2017/18 financial year and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 89
- 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 91;
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 94; and
- 1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 97

2. The financial position, cash flow budget, reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:

- 2.1 Budgeted Financial Position as contained in Table 23 on page 99;
- 2.2 Budgeted Cash Flows as contained in Table 24 on page 101
- 2.3 Reserves and accumulated surplus reconciliation as contained in Table 25 on page 102
- 2.4 Asset management as contained in Table 26 on page 104; and
- 2.5 Basic service delivery measurement as contained in Table 27 on page 110.

3. The Council, in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered the tariffs with effect (billing) from 1 July 2017:

- | | |
|--|----------------------------|
| 3.1 The tariffs for property rates | – as set out on page 15 |
| 3.2 The tariffs for electricity | – as set out on page 19-20 |
| 3.3 The tariffs for the supply of water | – as set out on page 17-18 |
| 3.4 The tariffs for sanitation services | – as set out on page 22-24 |
| 3.5 The tariffs for solid waste services (cleansing) | – as set out on page 25 |

4 The Council, in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considered with effect (billing) from 1 July 2017 the tariffs for other services, as set out on page 29 to 76 respectively.

5. The capital projects to be financed from own funds (accumulated surplus) be implemented subject to the improvement of the cash flow position of the Municipality and subject to affordability

6. The Capital Budget be revised after the IDP has been tabled at Council

7. Each Director and MMC identifies critical vacancies of the department and be champion by Municipal Manager
8. A workshop on re-engineering of business of the municipality is to be held
9. Each department drawn up a plan to curb overtime
10. MMC Finance, Speaker and CFO draw up a plan to recover outstanding accounts of Councillors and communicate it to the Councillors concern
11. MMC Corporate Services assist to recover arrear accounts of officials
12. The Accounting officer undertakes a cost benefit analysis on the Government Garage costs and submits a report to Council
13. Council buy their own fleet and it be done in phases
14. Bursary policy for bursaries from office of Executive Mayor be develop by Director Organisational Development and Corporate Service
15. 6kl of free water be restricted only to registered indigents
16. Free basic sewer only to registered indigents
17. Separate report to Council on feasibility to do security service in –house
18. Separate report on Abrahamsrust Holiday Resort to Council
19. Council approve that the municipality raise an overdraft facility of R10 million with its primary bankers for utilisation in the 2017/18 financial year.
20. Asset finance facility of R10m can be obtained
21. The Policies to be revised; refer to page 136 and 137.
22. The tariff modelling exercise be finalised and a report be submitted to Council for consideration of tariffs in the next budget cycle.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Municipality will embark on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality will undertake various customer care initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 64, 66, 67, 70, 72, 74, 75, 78, 79, 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The challenges in preparing the 2017/18 MTREF are as follows:

- Ageing and poorly maintained water, electricity and roads infrastructure
- Increased prices of goods and service above the inflation rate
- Some private developments and industries receive services direct from Eskom and Rand water with no direct benefit to the municipality
- Limitation of capital projects from own funds
- Wage increases above the inflation target (Bargaining Council Agreement)
- Critical vacancies can only be phased in over 3-5 years based on the affordability
- Plant hire on a regular basis is costly and alternatives need to be explored
- Expired tenders need to be regularised to avoid recurring irregular expenditure
- Distribution losses- water and electricity require a minimisation strategy
- Illegal connections to be addressed and eliminated altogether
- Fleet management (Cost of repairs and fuel)- needs to be addressed
- Government garage costs to be evaluated against the Council owning its vehicles and reducing costs
- Overtime cost to be analysed and minimized
- Declining profit on water and electricity
- Tariffs are not cost reflective – studies in progress and strategy developed for alignment
- The need to reprioritize projects and expenditure within the existing limited resources envelope given the cash flow realities
- The increased cost of bulk water and electricity(due to tariff increases from Rand Water and Eskom),which places constant upward pressure on service tariffs to the community,
- A lack of proper maintenance master plans,
- Unfunded Mandates (EMS) to be underpinned with appropriate service level agreements,
- Organisational review –process has commenced and needs to be speeded up.

March 2017

- Implementation of mSCOA
- Two systems running concurrent
- Link each item to IDP

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets,
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity;
- Tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The water and electricity budget made provision for reduced distribution losses (technical and non-technical losses).

Operating Budget (OPEX)

- Zero based budgeting and incremental budgeting was used, based on historical trends, plus inflation in line with Treasury guidelines
- All increases more than the inflation rate have to be properly motivated.
- Professional fees to be unpacked. Each department must submit detail of the budget amount.
- Link of current system votes to votes as per mSCOA classification such as
 - Unbundle of public programs into projects and items
 - Conference and delegations, transport claims unbundle into different items
 - Repairs and maintenance unbundle into projects and items
 - Link to IDP

Capital Budget (CAPEX)

- Commitment letters for external funding will be a pre requisite for budgeting
- Outside funding not paid directly to the Municipality will not be reflected in the Budget
- Projects requiring external approvals will not be included without such approvals being obtained.
- Shifting of funds to be restricted up to the Adjustment Budget or in line with the approved Virement Policy
- Own funding to be in line with anticipated cash flows and affordability
- Own funding not to exceed the surplus on Operating Budget and cash backed accumulated surpluses
- Projects should support challenges identified and key priorities as adopted at the strategy planning workshop

- Feasibility study must be done between the use of Government Garage for vehicles and the purchase vehicles out right.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF

	Adjustment Budget	Medium Term Revenue and Expenditure Framework		
	2016/2017	2017/2018	2018/2019	2019/2020
	R'000	R'000	R'000	R'000
Operating revenue	1 063 524	1 161 424	1 223 024	1 300 899
Operating expenditure	1 002 737	1 112 689	1 201 669	1 288 272
Capital expenditure	126 440	155 419	152 813	105 375

Total operating revenue

- Revenue has grown by 9.2 per cent or R97.9 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget.
- For the two outer years, operational revenue will increase by 5.0 and 04 per cent respectively, equating to a total revenue growth of R139.5million over the MTREF.
- Included in revenue are grants for operating expenditure and capital projects.

Total operating expenditure

- For the 2017/18 financial year the operating expenditure appropriation is R1.1 billion and translates into a budgeted surplus of R48.7 million.
- Compared to the 2016/17 Adjustments Budget, operational expenditure has increased by 10.9 per cent in the 2017/18 budget and
- For the two outer years of the MTREF, operational expenditure has grown by 8% and 7.2% respectively.
- The operating surplus for the two outer years is R21 million and to R12 million.

The capital budget

- The capital budget for 2017/2018 is R155.4million.
 - The R54.6m (35.1%) is expected to be funded from internally generated funds.
 - Government Grants make totalling R 98.1 million make up 63.1% of the capital expenditure.
- The capital programme decreases to R152.8 million in the 2018/19 financial year and further reduces to R105.4million in 2019/20.
- The capital budget remains relatively flat over the medium-term due to constraints on internally funded capital projects due to cash flow considerations

1.4 Operating Revenue Framework

The Municipality to continue improving the quality of services provided to its citizens it needs to enhance its revenue base. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is underpinned by around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85-90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- Tariffs to be aligned to inflation target, except where input cost for services are beyond the control of the municipality.
- Water and electricity losses of 15% and 10% respectively (technical and non-technical)
- Historical debt collection rates taken into account in determining the collection rate.
- Establishment of an in-house debt management department
- Implementation of strict credit control measures

The following table is a summary of the 2017/18MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	96 376	111 299	114 445	113 366	121 196	121 196	–	129 932	138 054	146 534
Service charges - electricity revenue	2	178 217	195 341	208 626	284 053	287 553	287 553	–	276 688	293 012	310 007
Service charges - water revenue	2	175 524	249 416	258 842	349 547	322 947	322 947	–	411 895	436 458	461 592
Service charges - sanitation revenue	2	16 150	18 087	19 714	21 545	25 545	25 545	–	20 773	22 005	23 288
Service charges - refuse revenue	2	17 390	23 796	25 955	27 807	35 807	35 807	–	28 977	30 880	32 770
Service charges - other		11 487	1 071	8 367	13 429	–	–		–	–	–
Rental of facilities and equipment		4 858	4 600	4 642	5 780	5 780	5 780		5 582	5 902	6 415
Interest earned - external investments		1 694	2 167	2 702	2 600	1 400	1 400		1 200	1 200	1 200
Interest earned - outstanding debtors		17 139	14 576	16 449	18 940	22 040	22 040		28 295	28 295	28 295
Dividends received		78	88	96	–	–	–	–	–	–	–
Fines, penalties and forfeits		15 855	22 876	18 507	3 025	3 025	3 025		18 162	18 333	18 533
Licences and permits		146	149	159	191	191	191		201	212	224
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		104 642	112 034	219 623	131 694	133 173	133 173		147 693	167 947	183 482
Other revenue	2	5 714	18 661	6 228	7 329	22 799	22 799	–	21 910	22 733	22 341
Gains on disposal of PPE		7 589	2 314	12 601	1 001	1 001	1 001		2 001	2 501	2 675
Total Revenue (excluding capital transfers and contributions)		652 857	776 474	916 955	980 307	982 457	982 457	–	1 093 310	1 167 532	1 237 354

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement.

Table 3 Percentage growth in revenue by main revenue source

	Medium Term Revenue and Expenditure Framework							
	2016/2017		2017/2018		2018/2019		2019/2020	
	R'000	%	R'000	%	R'000	%	R'000	%
Property rates	121 196	11,4	129 932	11,2	138 054	11,3	146 534	121 196
Electricity	287 553	27,0	276 688	23,8	293 012	24,0	310 007	287 553
Sanitation	25 545	2,4	20 773	1,8	22 005	1,8	23 288	25 545
Water	322 947	30,4	411 895	35,5	436 458	35,7	461 592	322 947
Refuse removal	35 807	3,4	28 977	2,5	30 880	2,5	32 770	35 807
Govt grants – operating	133 173	12,5	147 693	12,7	167 947	13,7	183 482	133 173
Govt grants – capital transfer	81 067	7,6	68 114	5,9	55 492	4,5	63 545	81 067
Fines/Penalties	3 025	0,3	18 162	1,6	18 333	1,5	18 533	3 025
Interest Debtors	22 040	2,1	28 295	2,4	28 295	2,3	28 295	22 040
Interest	1 400	0,1	1 200	0,1	1 200	0,1	1 200	1 400
Licences and permits	191	0,0	201	0,0	212	0,0	224	191
Rental of facilities	5 780	0,5	5 582	0,5	5 902	0,5	6 415	5 780
Other	22 799	2,1	21 911	1,9	22 733	1,9	22 339	22 799
Profit on sale of Land	1 001	0,1	2 001	0,2	2 501	0,2	2 675	1 001
	1 063 524	100	1 161 424	100	1 223 024	100	1 300 899	1 063 524

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise nearly three quarters of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled R793 million or 74.5 per cent.

This increases to R868 million, R920million and R974million respectively for the MTREF. The percentage revenue generated from rates and services charges varies marginally from 74.8 per cent in 2017/18 to 74.9 per cent in 2019/20.

Operating grants and transfers totals R147.7 million in the 2017/18 financial year and steadily increases to R183.5 million by 2019/20. Note that the year-on-year growth for the 2017/18 financial year 16.4 per cent and increases by 13.7 and 9.2 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipt

	2016/2017	2017/2018	2018/2019	2019/2020	
	R'000	R'000	R'000	R'000	
Equitable Share	125,978	142,709	163,582	181,267	Allocated for Free Services
Financial Management Grant	1,625	1,700	1,955	2,215	Appointment of Interns and training
Water services Operating Grant	0	0	0	0	Salaries and materials at the purification works Deneysville
Municipal Infrastructure Grant	2,031	2,284	2,410	0	Salaries and operating expenditure at Project Management Unit
Extended Public Works Programme	1,060	1,000			Salaries for temporary staff
Energy efficiency and demand side management grant	0	0	0	0	Maintenance of electricity network
Refund Libraries	2,000	0	0	0	Payment of library function
SASOL	479	0	0	0	Donation for Data Cleansing
Total	133,173	147,693	167,947	183,482	

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 per cent upper limit of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom (await final outcome) and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's expenditure and these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, etc.

The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009. The Property Rates Policy of the Municipality is in keeping with the Circular 51.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R20 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- Maximum of R50 subsidy is granted to registered indigents in terms of the Indigent Policy and free basic service as per Council resolution;
- For pensioners, physically and mentally disabled persons, *a maximum/total rebate of 30 per cent will be granted to owners of rate-able property if the total gross income does not*

exceed R8 000 per month of the applicant and/or his/her spouse, if any. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award up to 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6.4 per cent increase from 1 July 2017 is contained at table 5:

Table 5 Comparison of proposed rates to levy for the 2017/18 financial year

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

	Actual 2016/2017	Proposed 2017/2018
Heavy Industries	0.03978	0.042208
Light Industries	0.03978	0.042208
Businesses	0.015901	0.016871
State property	0.015901	0.016871
Domestic and other	0.00794	0.00843
<u>Farmland:</u>		
Residential	0.00397	0.004215
Businesses	0.00794	0.008430
Industries	0.01992	0.02113
Private owned towns, Body Corporate, Sectional Titles	0.00397	0.004215
Mining	0.01992	0.021145
Agricultural	0.00199	0.002113
Unregistered Erven	Municipal services charges equal to category of property	Municipal services charges equal to category of property

The rebate allocated to approve indigents for Assessment Rates is **a maximum of R50.00** per month. **For budget purposes the assumption was made that there will be 15 000 approved indigents registered by the end of the 2016/17 financial year.** Additional income at 6.4 % tariff increase of assessment rates represents R9 121 560 per annum. The supplementary valuation roll will be implemented with effect from 1 July 2017.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure that:

- Water tariffs must be fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- A detail analysis of the cost of water must be done in the 2016/17 financial year. The process is not yet completed
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new reservoir construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Rand Water proposed an increased its bulk tariffs by 10.2 per cent from 1 July 2017. The outcome of the tariff discussions, with final approval from the Minister, is not yet known.

Rand Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Rand Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise funding for infrastructure upgrades, hence the significant increase in the bulk cost of water.

An inclining block tariff from 1 July 2014 for water was implemented. The consumption tariff for water increase of 10 per cent is expected. The effect thereof will be that the higher the consumption, the higher the cost per kilolitre. The aim is to subsidise the lower consumption users (mostly the poor).

Water tariff at a housing complex is a challenge. An example of 10 households per complex, the consumption will be recalculated to 1 (consumption divided by 10). Consumption is then charge according to the tariff of the inclining blocks.

The consumption tariff increase for water is set at 6.4 per cent up till 20 kl, 15 per cent from 20 kl, 20 per cent from 30 and 12 per cent for schools, businesses and industries, although the input cost assumptions of 10-14 per cent increase in the cost of bulk water (Rand Water), the cost of other inputs increasing and a surplus generated on the water service. A basic water service (availability charge) charge of R21.28 per month will be levied to each household. In

addition 6 kℓ water per 30-day period (73 kl free basic water per annum) will only be granted to approve indigents. An approved indigent will receive 6kl of water free. The basic water charges to approved indigent households will fully be subsidised. A total of R13.7 million is allocated from Equitable Share in respect of free basic water. Proposed increase represents R46 million per annum. 6kl free water to non-indigent will be phased out in 2017/2018.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs (excluding VAT)

Basic Charges	2016/2017	2017/2018
	R	R
Churches	32.82	34.82
Businesses	129.90	137.80
Light Industries	168.33	178.60
Heavy Industries		
20 000 kl	218.50	231.83
40 000 kl	1 097.85	1 164.82
Above	2 741.73	2 908.98
Residential		
Vacant stands	64.90	68.86
All other residential stands	20.00	21.28
Oranjeville		
Co-operatives	1 306.23	1 385.91

Water consumption tariff (VAT exclusive)

	2016/2017	2017/2018
Domestic		
>0 up to and including 6 kl	R8.62/kl	R9.14/kl
>6 up to and including 12 kl	R17.23/kl	R18.28/kl
>12 up to and including 20 kl	R19.69/kl	R20.90/kl
>20 up to and including 30 kl	R23.39/kl	R24.81/kl
>30 up to and including 45 kl	R27.08/kl	R28.73/kl
>45 kl	R30.77/kl	R32.65/kl
Schools	R19.69/kl	R22.05/kl
State property (excl. residential properties)	R19.69/kl	R22.05/kl
Businesses	R19.69/kl	R22.05/kl
Light Industries	R20.57/kl	R23.04/kl
Heavy Industries	R20.93/kl	R23.44/kl

Guest houses are operated as businesses and are levied as businesses.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. **A 0.31 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.**

The consumer tariff could only be increased by a percentage per guideline from NERSA that is not yet available. Furthermore, it should be noted that the input costs are increasing at a higher rate than the rate of increases passed on to consumers. The declining margins will impact negatively on the budget of the municipality.

Free basic electricity is only given to registered indigents. Basic services charges have also introduced to all households with prepaid electricity meters from 1 July 2016. Approved indigent households are fully subsidised. Basic charges for domestic consumers that have conventional meters were initiated by NERSA approval from 1 July 2015.

The detailed analysis of the cost of electricity is in process in the 2017/18

Approval must be obtained from NERSA for the increase of 8.0% in tariff.

The service reflects a **deficit** of R8.3 million, however, and the deficit increase further by R14.5 m to R22.8 when the conditional capital grant of R14.5 million that is allocated to the operating budget, is taken into account.

Any additional increase in tariffs by ESKOM will influence tariffs.

Table 7 Proposed Electricity Tariffs

Basic Service charges for Electricity (VAT exclusive)

	2016/2017	2017/2018
Schools, Churches, Halls	R177.78	R192.01
Businesses, Offices, Hotels, clubs	R177.78	R192.01
Businesses Zamdela:		
Single phase	R177.78	R192.01
Three phase	R177.78	R192.01
Four meters	R349.34	R377.29

March 2017

Bulk Supply >50Kva	R349.34	R377.29
Bulk Supply >50kW	R355.81	R384.27
Residential		
Vacant stands	R90.42	R97.65
Domestic only consumers that have conventional meters	R52.80	R57.02
Domestic only consumers that have prepaid meters	R20.00	R21.60

The current tariffs (2016/2017) approved by NERSA are as follows:

Tariff (VAT exclusive)		kWh	2016/2017	2017/2018
Domestic Off peak(September to May)		>0 up to and including 50	R0.8592/kWh	R0.9279/kWh
		>50 up to and including 350	R1.0775kWh	R1.1637kWh
		> 350 up to and including 600	R1.4890kWh	R1.6081Wh
		>600	R1.7171kWh	R1.8545kWh
Domestic Peak(June, July, August)		>0 up to and including 50	R0.9020/kWh	R0.9742/kWh
		>50 up to and including 350	R1.1853kWh	R1.2801kWh
		> 350 up to and including 600	R1.7530kWh	R1.8932kWh
		>600	R1.9746kWh	R2.1326kWh
Businesses			R1.6637/kWh	R1.7968/kWh

March 2017

Three Phase		R1.5608/kWh	R1.6857/kWh
Bulk		R0.7856kWh	R0.8484kWh
Per KVA		R143.32	R154.79
Per kW		R154.26	R166.60
Subject to NERSA approval			

The following table shows the impact of the proposed increases in electricity tariffs on the charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current Amount Payable R	Proposed amount payable R	Increase R	% Change	Peak/ Off Peak
100	96,84	104,58	7,74	8,00	Off Peak
	104,37	112,72	8,35	8,00	Peak
500	589,56	636,72	47,16	8,00	Off Peak
	663,64	716,72	53,08	8,00	Peak
1000	1 425,30	1 539,33	114,03	8,00	Off Peak
	1 628,78	1 759,08	130,30	8,00	Peak

An inclining block tariff structure was implemented from 1 July 2011. This was implemented and the effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The Municipality furthermore implemented of a "Peak" and "Off-peak" tariff as the Municipality is subjected to this type of tariff by Eskom during the period between June, July and Aug.

The Main Substation for the supply of electricity for the Sasolburg area must be addressed as a matter of urgency and is expected that the upgrading should be done in the near future due to load growth. This investigation must be done not later than 2017 in order to make provision for the necessary funding.

It is also a recommendation by NERSA that a certain percentage of the revenue collected from the sale of electricity be utilized for the maintenance of the electrical network to ensure that it is maintained to the correct standard.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2016/17 is proposed. Sasol Chemical Industries operate the purification plant and 8% is the expected cost increase.

A detailed analysis of the cost of sanitation is in the process of being done and will be finalised in the 2016/17 financial year.

A tariff increase of 6.4 % for households and 8% for industries and business are proposed, in order to have uniform tariffs on water borne sewer, except for the suction tanks which is in excess of 8% (30%) to make the tariff more cost reflective.

The basic charges of sewer for to approve indigent residents (households) will be subsidised by Council. An amount of R2.1million is allocated from Equitable Share for this purpose. A further amount of R9.3 million is allocated from Equitable Share for additional sewer to all approved indigents.

Table 9 Proposed Sanitation Tariffs

Tariffs (VAT exclusive)

	2016/2017	Proposed 2017/2018
Domestic - Basic	R11.31	R12.00
Residential vacant stand	R11.31	R12.00
Sasolburg		

Basic charges	Actual cost by	Actual cost by
Heavy Industries	SCI plus 40%	SCI plus 40%
Businesses		
<i>Additional</i>		
(a) Resident sewer	R91.86	R97.46
(b) Business sewer	R96.65	R104.38
(c) Flats	R6.86	R7.28
	R91.86	R97.46
(d) 2 nd Dwelling	R91.86+R91.86	R97.46+R97.46
(e) Industries sewer	R96.65	R104.38
(f) Day schools and Crèches	R31.46	R33.38
(g) Flats sewer	R91.86	R97.46
(h) Add units flats	R54.06	R57.36
 Suction tank per service (if not available from municipality a private company must be utilised at the cost of the owner)	 R550.00	 R715.00
 Oranjeville Business	 R91.86	 R99.21
Metsimaholo Businesses	R91.86	R99.21
<i>Additional sewer</i>		
Water borne sewer Oranjeville/Metsimaholo	R63.37	R67.24

Basic sewer		
Refengkgotso/Phomolong:		
Businesses	R91.86	R99.21
Water borne sewer	R63.37	R67.24
Refengkgotso/Phomolong		
Bucket services system	R27.78	R29.56
Rural areas: Suction Tank Services		
Areas that are not included in the disestablished towns (No Rates Payable)		
Normal working hours	R1 580.00/Service	R 1 665/service
After hours	R3 160.00/Service	R 3 330/service
Areas with discounted rates:		
Normal working hours	R1 580.00/Service	R 1 665/service
After hours	R3 160.00/Service	R 3 330/service

Guest houses are levied at the same rates as business.

The total revenue expected to be generated from rendering this service amounts to R32.9million for the 2017/18 financial year.

The service reflects a surplus of R7.3 million for the 2017/18 budget year but if the conditional grant of R26.2 million is taken off, the service reflect a **deficit** of R18.9 million

The service reflects a surplus for the 2018/19 and for 2018/19 budget year due to capital grant that reflects as revenue. Refer to Table 20 on page 92.

1.4.5 Waste Removal and Impact of Tariff Increases

An increase of 6.4 per cent on households and 6.4 per cent on businesses in the waste removal tariff is proposed from 1 July 2017. The tariff for the various categories is now uniform. Any increase higher than 8 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

A detail analysis of the cost of waste removal is in the process of being done in the 2015/16 financial year, but be finalised in the 2016/2017 financial year.

In order to economise the service the same tariff is charged where there is a service once a week.

All residents in all areas receive a service once a week. Therefore the tariff must be uniform.

The following table compares current and proposed tariffs payable from 1 July 2017:

Table10 Proposed Waste removal Tariffs (VAT exclusive)

	<i>R</i> 2016/2017	<i>R</i> 2017/2018
Dwellings/Single flats	110.96	117.73
Joint flats (one service point)	110.96	117.73
Private Hostels	110.96	117.73
Businesses per point	216.42	229.62
Schools per point	216.42	229.62
Churches	110.96	117.73
Dumping ground: All tariffs for dumping is per cubic meter or part of cubic meter		
Industries and Contractors and	138.00	146.62
Garden Services	138.00	146.62
Approved indigents	FREE	FREE

March 2017

Guest houses operate as businesses and are levied the same as businesses tariffs.

An amount of R21.3million is allocated from equitable share for the refuse service to approved indigents (15 000). The tariff increase represents an amount of R3million additional revenue for the year. The service still reflects a **deficit** of R8.1 m after the 6.4% tariff increase.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 10.6 and 12.1 per cent, with the increase for indigent households to 7.3 per cent.

Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		414.84	439.73	466.11	503.38	503.38	503.38	6.4%	535.60	566.13	597.83
Electricity: Basic levy					20.00	20.00	20.00	8.0%	21.60	22.83	24.11
Electricity: Consumption		1,084.45	1,183.51	1,349.19	1,452.82	1,425.30	1,425.30	8.0%	1,539.33	1,627.07	1,718.19
Water: Basic levy					20.00	20.00	20.00	6.4%	21.28	22.49	23.75
Water: Consumption		324.78	402.00	442.20	494.80	494.80	494.80	21.6%	601.66	635.96	671.57
Sanitation		72.93	78.76	85.06	91.86	91.86	91.86	19.5%	109.78	116.04	122.54
Refuse removal		88.08	95.13	102.74	110.96	110.96	110.96	6.4%	118.06	124.79	131.78
Other											
sub-total		1,985.08	2,199.13	2,445.30	2,693.82	2,666.30	2,666.30	9.4%	2,947.31	3,115.31	3,289.77
VAT on Services		219.84	243.07	277.09	306.66	302.81	302.81	11.5%	337.64	356.88	376.87
Total large household bill:		2,204.92	2,442.20	2,722.39	3,000.48	2,969.11	2,969.11	9.5%	3,284.95	3,472.19	3,666.64
% increase/-decrease			10.8%	11.5%	10.2%	(1.0%)	-		10.6%	5.7%	5.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		300.21	318.22	337.31	364.29	364.29	364.29	6.4%	387.60	409.69	432.64
Electricity: Basic levy					20.00	20.00	20.00	8.0%	21.60	22.83	24.11
Electricity: Consumption		434.96	486.04	558.30	600.97	589.56	589.56	8.0%	636.72	673.01	710.70
Water: Basic levy					20.00	20.00	20.00	6.4%	21.66	22.49	23.75
Water: Consumption		254.79	307.00	337.70	377.85	377.85	377.85	23.6%	467.16	493.79	521.44
Sanitation		72.93	78.76	85.06	91.86	91.86	91.86	19.5%	109.78	116.04	122.54
Refuse removal		88.08	95.13	102.74	110.96	110.96	110.96	6.4%	118.06	124.79	131.78
Other											
sub-total		1,150.97	1,285.15	1,421.11	1,585.93	1,574.52	1,574.52	11.1%	1,762.58	1,862.64	1,966.96
VAT on Services		119.11	132.72	151.73	171.03	169.43	169.43	13.6%	192.44	203.41	214.80

March 2017

Total small household bill:		1,270.08	1,417.87	1,572.84	1,756.96	1,743.95	1,743.95	11.3%	1,955.02	2,066.05	2,181.76
% increase/-decrease		-	11.6%	10.9%	11.7%	(0.7%)	-		12.1%	5.7%	5.6%
<hr/>											
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption		263.22	282.67	317.13	329.52	323.25	323.25	8.0%	349.11	369.01	389.67
Water: Basic levy											
Water: Consumption		187.74	212.00	233.20	260.90	260.90	260.90	6.4%	277.64	293.47	309.90
Sanitation											
Refuse removal											
Other											
sub-total		450.96	494.67	550.33	590.42	584.15	584.15	6.2%	626.75	662.48	699.57
VAT on Services		63.14	69.26	75.50	82.66	81.78	81.78	7.3%	87.75	92.75	97.94
Total small household bill:		514.10	563.93	625.83	673.08	665.93	665.93	6.2%	714.50	755.23	797.51
% increase/-decrease			9.7%	11.0%	7.5%	(1.1%)	-		7.3%	5.7%	5.6%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)
4. Note this is for a SINGLE household.

1.4.7 Sundry Tariffs

Table12 Proposed Sundry Tariffs

That the following miscellaneous tariffs **(VAT exclusive)** be implemented from 1 July 2017.

Financial Services	2016/2017	2017/2018
New Consumers who move into municipal area		
Connection fee per meter:		
- Water	R180.00	R190.00
- Electricity	R180.00	R190.00
Delivery of warning notices	R201.00	R213.00
Non-payment fees for defaulters		
- Normal reconnection fee	R371.00	R393.00
- After hours reconnection fee	R276.00	R293.00
- (additional)		
- Reduce water supply	R371.00	R393.00
- Cut electric cable	R445.00	R472.00
- Remove electric cable	R742.00	R786.00
- Replace electric cable	R742.00	R786.00
- Final Notice Fee	R106.00	R112.00
- Dishonoured Cheques R/D (admin / bank fee)	R329.00	R349.00
- Dishonoured Credit cards(payment return by bank) ex. easy pay	R329.00	R349.00
-		
Illegal Connection(Bypass/tampering of meters		
Household (Water or Electricity)	R23 320.00	R24 720.00
Business	R29 680.00/meter	R 31 500.00/meter

Illegal connection after disconnection (switch on of meter)	R4770.00	R5 050.00
Loss of units calculated for up to 1 year average plus tampering penalty	Number of units x tariff applicable	Number of units x tariff applicable
Clearances and Valuation		
<i>Clearance certificates</i>		
Normal collection	R223.00	R236.00
Registered mail	R255.00	R270.00
Valuation Roll per Town (Residential Area) or part thereof	R583.00	R620.00
Valuation electronic format	R265.00	R280.00
Valuation Objection Fee (only for review and appeal)	R477.00	R500.00
Valuation Certificate	R170.00	R180.00
Address list per 500 pages or part thereof	R583.00	R620.00
Search Fees	R74.00	R80.00
Other Fees		
Testing of electricity meters	R530.00	R562.00
Replacement of padlock	R371.00	R393.00
Duplicate Accounts	R13.00	R14.00
Duplicate tenant's Accounts sent to owners	R27.00	R28.00
Duplicate IRP 5	R27.00	R30.00
Fee for block/unblock of Prepaid electricity meters	R127.00	R135.00
Replacement of prepaid card	R64.00	R70.00

Selling of wood (= LDV load)	R159.00	R159.00
Cutting of trees (per tree)	R1 060.00	R1 060.00
Threshold for indigent	2 x state old age pension plus R1000	2 x state old age pension plus R1500
Parking for Officials		
Single Parking in basement of Civic Centre	R65.00	R65.00
Share Parking in basement of Civic Centre	R50.00	R50.00
Shelter Parking in outside parking area	R45.00	R45.00
<u>Deposits</u>		
Flats/Town houses		
Owners (without pre-paid meters)	R3 700.00	R3 700.00
Owners (with pre-paid meter)	R1 850.00	R1 850.00
Where body corporate pay other services	0	0
Houses		
with pre-paid meters	R2 650.00	R2 650.00
without pre-paid meters	R5 300.00	R5 300.00
Minimum Deposit charged when applying for clearance figures	R5 300.00	R5 300.00
Businesses		
With pre-paid meters	R3 700.00	R 4 000.00

Without pre-paid meters	R6 400.00	R 8 000.00
based on twice monthly consumption		
based on the type of business		
<i>Light Industries</i>	Twice monthly consumption	Twice monthly consumption
based on twice monthly consumption		
based on the type of business		
<i>Heavy Industries</i>	Twice monthly consumption	Twice monthly consumption
Government	Same as businesses	Same as businesses

Water, Electricity and Sewer connection tariffs increases

Connections to be done	2016/2017	2017/2018
SEWER		
100mm dia -3m length	R 4 598.24	R 4 847
All other longer than 100mm dia or longer than 3m	To be calculated	To be calculated
Water		
15mm - 3m max	R 2 064.04	R 2 175
20mm - 3m max	R 2 426.32	R 2 557
80/20 COMBO meter	R 20 608.78	R 21 722
50/20 COMBO meter	R 5 467.55	R 5 763
40 mm	R 5 385.97	R 5 677
longer than 3m and larger meters	Cost plus 10%	Cost plus 10%
Closing of network valves for water connections done by contractor at request of owner or when Council cannot execute work due to strikes or unavailability of meters	R 300	R 320
Water and Sewer - general		
Water and Sewer road crossings	R 10 827.20	R 11 412
Relocating Water meters(labour only)	R 1 143.86	R 1206
Stolen Water meter	Cost of Meter plus 20%	Cost of Meter plus 20%
Testing of water meters		

20mm to 50 mm size meters	R583	R614
All other to be calculated		
Electricity		
New single phase connection	R5 824	R6 172.80
Upgrading from 60 – 80 ampere	R5 423	R5 784.24
New three phase connection up to design load	R5 103	R5 408.77
New three phase connection larger than design load	Estimated cost plus network strengthening cost	Estimated cost plus network strengthening cost
Single phase prepaid meter	R1 107	R1 172.80
Three phase prepaid meter	R2 367	R2 508.77
Moving of kWh meter from house to stand boundary	R3 390	R3 592.98
Moving of connection	R1 996	R2 114.91
New ready board and keypad	R2 149	R2 277.19
Replacement of cable	R1 740	R1 843.85
Repair of cable (damaged by owner)	R1 168	R1 237.71
Temporary connection if service is available:		
Single Phase	R1 162	R1 231.57
Three phase (town houses)	R2 694	R2 855.26
Testing of kWh meter	R552	R584.21
Testing of prepaid meter	R366	R386.84
Damaged keypad prepaid meter	R773	R818.42

Damaged single phase prepaid meter	R1 216	R1 287.71
Damaged three phase prepaid meter	R2 971	R3 148.24
Damage relay	R1 180	R1 250.00
Cost of prepaid meter and relay for town houses	R2 274	R2 409.64
Cost for second electrical installation test(1 st free)	R366	R386.84
Replacement of broken or stolen ripple relay	Cost of relay and labour	Cost of relay and labour
Ripple relay	R821	R869.29
Network strengthening	R965	R1 021.92

Capital Contributions (once off payment)

Water	2016/2017	2017/2018
Per kilolitre day usage-supply	R 5 920.00	R 6 240.00
Residential per added building or unit		
Low density	R 11 860.00	R 12 500.00
Middle density	R 8 880.00	R 9 360.00
High density	R 3 550.00	R 3 742.00
Guest houses and hotels: per room(existing developments consider in calculation)(normal household norm 1kl/day)	0.03 kl per room per day x kilolitre rate	0.03 kl per room per day x kilolitre rate
Sewer		
Per kilolitre day usage- effluent	R 6 660.00	R 7 020.00
Residential per added building or unit		

Low density	R 7 990.00	R 8 421.00
Middle density	R 6 660.00	R 7 020.00
High density	R 3 330.00	R 3 510.00
Guest houses and hotels: treatment of sewer effluent. (normal household runoff norm 0.8kl/day)	R8 040.00/kl (daily kl demand)	R 8 938.00/kl (daily kl demand)

Printing price list - Technical Services

	2016/2017	2017/2018
PAPER		
A0	R44.74	R44.74
A1	R22.81	R22.81
A2	R14.92	R14.92
A3	R4.39	R4.39
A4	R2.64	R2.64
<u>Durester</u>		
A0	R151.76	R151.76
A1	R79.83	R79.83
A2	R41.23	R41.23
A3	R21.06	R21.06
A4	R13.16	R13.16
<u>Film</u>		
A0	R100.44	R100.44
A1	R67.99	R67.99
A2	R35.09	R35.09

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A3	R18.43	R18.43
A4	9.22	R9.22
A4 Fax send/received(Private)	10.53	R10.53

Social Services

a	D P de Villiers Stadium	2016/2017	2017/2018
	Rental of halls		
	Stadium Hall		
	Resident : meetings	R260.00 per hour	R270.00 per hour
	Non-Resident : meetings	R510.00 per hour	R530.00 per hour
	Functions	R690.00	R720.00
	Churches and schools	half price	half price
	Deposit	R630	R660
	Club complex Hall		
	Resident : meetings	R 90.00/ hour	R 95.00/ hour
	Non-Resident : meetings	R180.00/hour	R190.00/hour
	Functions	R380.00	R400.00
	Churches and schools	50% of R380.00	50% of R400.00
	Deposit	R630	R660
	Athletics		
	Schools sport meeting		
	Morning session 07:00 - 13:00	R1 160.00	R1 210.00
	Afternoon session 13:00 - 19:00	R1 160.00	R1 210.00

Lights to switch on first 2 hours	R510.00	R530.00
Then per half hour	R140.00	R150.00
Deposit	R2 900	R3 045
Non Residents (Invitational/Zones)		
Morning session 07:00 - 13:00	R3 200.00	R3 360.00
Afternoon session 13:00 - 19:00	R3 200.00	R3 360.00
Lights to switch on first 2 hours	R510.00	R530.00
Then per half hour	R 140.00	R 150.00
Deposit	R2 900	R3 045
Provincial Meetings		
Morning session 07:00 - 13:00	R4 200.00	R4 410.00
Afternoon session 13:00 - 19:00	R4 200.00	R4 410.00
Lights to switch on first 2 hours	R510.00	R530.00
Then per half hour	R140.00	R150.00
Deposit	R2 700	R2 800
Schools in Gauteng		
Morning session 07:00 - 13:00	R4 200.00	R4 410.00
Afternoon session 13:00 - 19:00	R4 200.00	R4 410.00
Lights to switch on first 2 hours	R510.00	R530.00

Then per half hour	R140.00	R150.00
Deposit	R2 700	R2 800
Provincial Meetings		
Morning session 07:00 - 13:00	R2 700.00	R2 800.00
Afternoon session 13:00 - 19:00	R2 700.00	R2 800.00
Lights to switch on first 2 hours	R580.00	R600.00
Then per half hour	R150.00	R160.00
National Meetings		
Morning session 07:00 - 13:00	R5 300.00	R5 500.00
Afternoon session 13:00 - 19:00	R5 300.00	R5 500.00
Lights to switch on first 2 hours	R400.00	R420.00
Then per half hour	R140.00	R140.00
Deposit	R2 900.00	R3 045.00
Rental of Electronic Timing Equipment		
Electronic Timing Equipment per session	R1 160.00	R1 210.00
Training sessions		
<u>Pre-determined practice periods</u>		
Training at the stadium will only be allowed after payment of R275,00 per		

	annum as well as purchase of proxy card at R40,00 per athlete training. Cards will only be sold to contributing schools/clubs/instances. Purchase card at R40.00 for student and other person.		
	Pre –determined practice periods		
	Trainer (5 and less athletes)	R310.00 p/a	R320.00p/a
	Trainer (6 to 20 athletes)	R630.00 p/a	R660.00 p/a
	Trainer (21 and more athletes)	R1 050.00 p/a	R1 100.00 p/a
	School Rugby, School league all rugby fields as available.		
	Resident per session/season	R350.00	R360.00
	Non-resident per session/season	R510.00	R530.00
	Provincial Games	R1 710.00	R1 790.00
		per day	per day
	Lights to switch on first 2 hours	R510.00	R530.00
	Then per half hour	R140.00	R150.00
	Deposit	R2 100.00	R2 200.00
	National and International Games	R3 800,00	R3 900.00
	Soccer meetings (outside stadium)		
	Resident per session/season	R380.00	R390.00
	Non-resident per session/season	R560.00	R580.00

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b	Soccer meetings (inside stadium)		
	Morning session 07:00 - 13:00	R930.00	R970.00
	Afternoon session 13:00 - 19:00	R930.00	R970.00
	Lights to switch on first 2 hours	R510.00	R530.00
	Then per half hour	R140.00	R150.00
	Cross Country		
	A Field	R680.00	R710.00
	Outside Field	R350.00	R360.00
	Stadium Hall	R940.00	R980.00
	Rental of stadium for Church service	R2 100.00 p/d	R2 200.00 p/d
	Deposit	R2 600.00	R2 700.00
	Rental of stadium for non-sports related events	R10 500.00p/d	R11 025 .00p/d
	Deposit	R5 250.00	R5 510.00
	Dog show		
	Resident per session	R380.00	R390.00
	Non-resident per session	R550.00	R570.00
	Deposit	R6 000.00	R6 300.00
	Sasolburg show ground		
	Cricket pitch (High Performance)		

c	Sports facilities		
	Penny Heyns :		
	Adults: Season tickets	R195.00	R200.00
	: Day tickets	R19.00	R20.00
	Children : Season tickets	R110.00	R95.00
	: Day tickets	R15.00	R12.00
	School Galas		
	Morning session 07:00 - 13:00	R460.00	R480.00
	Afternoon session 13:00 - 19:00	R460.00	R480.00
	Lights to switch on first 2 hours	R460.00	R480.00
	Then per half hour	R120.00	R125.00
	Clubs/ Social clubs		
	Occasion	R1 280.00 without touch pad	R1 340.00 without touch pad
	Training sessions		
	Pre-determined practice periods Clubs	Training at the swimming pool will only be allowed after payment of R430.00 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R450.00 per annum as well as purchase of seasonal tickets per swimmers training

<u>Zamdela Swimming Pool</u>			
	: Adults : Season tickets	R110.00	R115.00
	: Day tickets	R10.00	R11.00
	: Children : Season tickets	R63.00	R66.00
	: Day tickets	R10.00	R9.00
School Galas			
	Morning session 07:00 - 13:00	R450.00	R470.00
	Afternoon session 13:00 - 19:00	R450.00	R470.00
	Lights to switch on first 2 hours	R350.00	R360.00
	Then per half hour	R130.00	R140.00
Clubs/ Social clubs			
	Occasion	R1 260.00 without touch pad	R1 320.00 without touch pad
Training sessions			
	Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R420.00per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R420.00per annum as well as purchase of seasonal tickets per swimmers training

	Cemeteries		
	Zamdela : Adult : Resident	R450.00	R470.00
	:Non Resident	R1 800.00	R1 890.00
	Children : Resident	R350.00	R360.00
	: Non resident	R1 400.00	R1 470.00
	Deneysville/		
	Refengkgotso / Metsimaholo :		
	: Adults : Resident	R400.00	R420.00
	: Non Resident	R1 600.00	R1 680.00
	: Children :Resident	R300.00	R310.00
	:Non Resident	R1 230.00	R1 290.00
	Sasolburg:		
	: Adults : Resident	R1 160.00	R1 210.00
	: Non Resident	R4 570.00	R4 700.00
	: Children :Resident	R800.00	R840.00
	:Non Resident	R2 780.00	R2 910.00
	Oranjeville:		
	: Adults : Resident	R400.00	R420.00
	: Non Resident	R1 600.00	R1 680.00
	: Children :Resident	R300.00	R310.00

	:Non Resident	R1 230.00	R1 290.00
	<u>Indigents</u>		
	Approved as per Metsimaholo Local Municipality policy	Free	Free
	<u>Urns in Walls of Remembrance</u>		
	Residents	R440.00	R460.00
	Non Residents	R2 020.00	R2 120.00
	Placing of urn in existing grave:		
	Residents	R190.00	R200.00
	Non Residents	R200.00	R210.00
	<u>Stack Burials:</u>		
	Two coffins in one grave		
	Residents	One and half price (1.5)	One and half price (1.5)
		One and half price (1.5)	One and half price (1.5)
e	Halls		
	Zamdela/Refengkgotso/		
	Metsimaholo		
	Church Service and meetings		
	Morning session 07:00 - 13:00	R500.00	R520.00
	Afternoon session 13:00 - 19:00	R500.00	R520.00
	Extra hour	R180.00	R190.00

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Kitchen use	R180.00	R190.00
Music/Jazz and others		
Morning session 07:00 - 13:00	R930.00	R970.00
Afternoon session 13:00 - 19:00	R930.00	R970.00
Extra hour	R260.00	R270.00
Kitchen use	R260.00	R270.00
Funeral service and memorial service		
Morning session 07:00 - 13:00	R430.00	R450.00
Afternoon session 13:00 - 19:00	R430.00	R450.00
Extra hour	R210.00	R210.00
Kitchen use	R210.00	R220.00
Political meetings		
Morning session 07:00 - 13:00	R260.00	R270.00
Afternoon session 13:00 - 19:00	R260.00	R270.00
Extra hour	R78.00	R80.00
Kitchen use	R78.00	R80.00
Season 2 meetings per month	R510.00	R530.00
Government structures		
Morning session 07:00 - 13:00	R280.00	R290.00
Afternoon session 13:00 - 19:00	R280.00	R290.00
Extra hour	R73.00	R76.00

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	Kitchen use	R73.00	R76.00
	Welfare	R510.00	R550.00
	Deposit		
	Music/Jazz and others	R1 920.00	R2 120.00
	All other	R390.00	R420.00

(f)	Abrahamsrust recreation resort	2016/2017	2017/2018
	Season tickets (only residents)	R400.00 per annum/motor vehicle/ motor cycle powerboat R190.00/ second motor vehicle/ motorcycle	R420.00 per annum/motor vehicle/ motor cycle powerboat R100.00/ second motor vehicle/ motorcycle
	Pensioners (age 60 years)	R90.00 for 1 ticket per family	R100.00 for 1 ticket per family
	Metsimaholo workers and Councillors with proof	R 130.00 for 1 ticket per family	R 140.00 for 1 ticket per family
	Non-residents registered power boat/ caravan owners:	R620.00/ annum per vehicle/ powerboat	R650.00/ annum per vehicle/ powerboat
	Entrance fees (Day visitors)		
	Season ticket holders	Free (vehicle & 6 passengers, 1 visit per day)	Free (vehicle & 6 passengers, 1 visit per day)
	Entrance fee per person	R50 per person per day	R55 per person per day
	Entrance fee per car	R50 per car per day	R55per car per day
	Entrance fee per boat	R160 per boat per day	R170 per boat per day
	Entrance fee 2-6 years(Families	Free per child 2-6 years	Free per child 2-6 years

	only) Groups(2-6years) Crèches, Churches etc.	per day R15 per child 7-14 years per day R15 per child	per day R20 per child 7-14 years per day R 20 per child
	Entrance fee for group bookings of more than 50 people	Discount of tariffs approved by Director Social Services using his/her discretion (Prior arrangements)	Discount of tariffs approved by Director Social Services using his/her discretion (Prior arrangements)
	Local schools and churches	R30.00 per person	R35.00 per person
	Caravan and tent sites(Power)		
	Season ticket holders/ rallies (10-29 caravans)	R140.00 per day with power(4 persons)	R150.00 per day with power(4 persons)
	Pensioners/ Rallies (30 and more caravans)	R100.00 per day(4 persons)	R105.00 per day(4 persons)
	Non-season ticket holders	R180.00 per day(4 persons)	R140.00 per day(4 persons)
	Caravan and tent sites <u>without</u> power sockets/ not exceed 4 people	R130.00 per day without power	R140.00 per day without power
	Season ticket holders/ rallies (10-29 caravans)	R130.00/ caravan/ night	R120.00/ caravan/ night
	Pensioners/ Rallies (30 and more caravans)	R90.00/ caravan/ night	R95.00/ caravan/ night
	Non-season ticket holders	R170.00/ caravan/ night	R180.00/ caravan/ night
	Chalets		
	Small type 2-bed	R450.00	R480.00
	Large type 4-bed	R600.00	R630.00

	Luxury chalets Chalet A	R750.00	R800.00
	Chalet B (With lapa)	R800.00	R850.00
	Monthly Rental Chalets four bed	R 4 550.00 p.m.	R 4 800.00 p.m.
	Park home 6 bed	R600.00	R630.00
	Monthly Rental Park home 6 bed	R3 550.00 p.m.	R3 800.00 p.m.
	Refundable key deposit	R300.00	R300.00
	Lapa		
	With shelter per function	R600.00 plus entrance fee	R630.00 plus entrance fee
	Without shelter per function	R400.00 plus entrance fee	R420.00 plus entrance fee
	Hall	R600.00	R630.00
	Rental of resort for event	R80 000 per event	R85 000 per event
	Deposit for event	R40 000 per event refundable	R42 000 per event refundable
	DAY VISIT ORANJEVILLE AND DENEYSVILLE		
	Season tickets (only residents)	R120.00 per annum/motor vehicle/ motor cycle powerboat R100.00/ second motor vehicle/ motorcycle	R126.00 per annum/motor vehicle/ motor cycle powerboat R105.00/ second motor vehicle/ motorcycle
	Pensioners (age 60 years)	R50.00 for 1 ticket per family	R55.00 for 1 ticket per family
	Metsimaholo workers and Councillors with proof	R70.00 for 1 ticket per family	R75.00 for 1 ticket per family

	Non-residents registered power boat/ caravan owners:	R300.00/ annum per motor vehicle/motorcycle/ powerboat R250.00/second vehicle/motorcycle/ Powerboat	R315.00/ annum per motor vehicle/motorcycle/ powerboat R260.00/second vehicle/motorcycle/ Powerboat
	Entrance fees (Day visit) Season ticket holders	Free (vehicle & 6 passengers, 1 visit per day)	Free (vehicle & 6 passengers, 1 visit per day)
	Entrance fees (Day visitors)		
	Entrance fee per person	R20 per person per day	R25 per person per day
	Entrance fee per car	R20 per car per day	R25 per car per day
	Entrance fee per boat	R30 per boat per day	R35 per boat per day
	Entrance fee per 2-6 years (Families only) Groups (2-6 years)	Free- child 2-6 years per day R10.00 per child 7-14 years per day	Free per child 2-6 years per day R15.00 child 7-14 years per day R15.00 per child
	Entrance fee for group bookings of more than 50 people	Discount of tariffs approved by Director Social Services using his/her discretion(Prior arrangements)	Discount of tariffs approved by Director Social Services using his/her discretion(Prior arrangements)
	Local schools and churches	R10.00 per person	R15.00 per person
	Caravan and tent sites(Power)		
	Season ticket holders/ rallies (10-29 caravans)	R30.00 per day with power(4 persons)	R35.00 per day with power(4 persons)
	Pensioners/ Rallies (30 and more	R30.00 per day(4	R35.00 per day(4

	caravans)	persons)	persons)
	Non-season ticket holders	R40.00 per day(4 persons)	R45.00 per day(4 persons)
	Caravan and tent sites <u>without</u> power sockets/ not exceed 4 people	R160.00 per day without power	R170.00 per day without power
	Season ticket holders/ rallies (10-29 caravans)	R20.00/ caravan/ night	R25.00/ caravan/ night
	Pensioners/ Rallies (30 and more caravans)	R20.00/ caravan/ night	R25.00/ caravan/ night
	Non-season ticket holders	R20.00/ caravan/ night	R25.00/ caravan/ night
	Rental of resort for event	R60 000 per event	R63 000 per event
	Deposit for event	R30 000 per event	R35 000 per event

(g)	Moses Kotane Stadium		
	Rental of halls		
	Stadium Hall		
	Resident: meetings	R330,00	R330,00
	Non-Resident: meetings	R650,00	R650,00
	Functions	R490,00	R490,00
	Churches and Schools	Half price	Half price
	Political Rally	R60 000.00	R63 000.00
	Athletics		
	In-house school sport		
	Morning	R360.00	R360.00
	Afternoon	R360.00	R360.00
	Lights to switch on first 2 hours	R290.00	R290.00

	Then per half hour	R120.00	R120.00
	Practice session	R110.00/ school/ season	R110.00/ school/ season
	Non Residents (Free State)		
	Morning	R710.00	R710.00
	Afternoon	R710.00	R710.00
	Lights to switch on first 2 hours	R290.00	R290.00
	Then per half hour	R120.00	R120.00
	Schools in Gauteng		
	Morning	R820.00	R820.00
	Afternoon	R820.00	R820.00
	Lights to switch on first 2 hours	R290.00	R290.00
	Then per half hour	R120.00	R120.00
	Provincial Meetings		
	Morning session 07:00 - 13:00	R2 270.00	R2 270.00
	Afternoon session 13:00 - 19:00	R2 270.00	R2 270.00
	Lights to switch on first 2 hours	R290.00	R290.00
	Then per half hour	R120.00	R120.00
	National Meetings		
	Morning session 07:00 - 13:00	R3 530.00	R3 530.00

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	Afternoon session 13:00 - 19:00	R3 530.00	R3 530.00
	Lights to switch on first 2 hours	R490.00	R490.00
	Then per half hour	R120.00	R120.00
	Rental of Electronic Timing Equipment		
	Electronic Timing Equipment per session	R1 020.00	R1 020.00
	Soccer		
	Soccer meetings (inside stadium)		
	Morning session 07:00 - 13:00	R290.00	R290.00
	Afternoon session 13:00 - 19:00	R290.00	R290.00
	Lights to switch on first 2 hours	R290.00	R290.00
	Then per half hour	R120.00	R120.00
	Rental of stadium for events	R15 000.00	R15 000.00
	Deposit	R7 000.00	R7 000.00
	Entrance income	15% of entrance fee minimum or R1 700.00	15% of entrance fee minimum or R1 700.00
	Refundable damage fee	R1 000.00	R1 000.00
	Schools	R2 800.00/ school/ season	R2 800.00/ school/ season

	Other soccer games	15% of entrance fee minimum or R1 575.00	15% of entrance fee minimum or R1 575.00
	Morning	R340.00	R340.00
	Afternoon	R340.00	R340.00
	Evening	R340.00	R340.00
	Lights to switch on first 2 hours	R280.00	R280.00
	Then per half hour	R110.00	R110.00
	Practice inside stadium	R170.00/per hour	R170.00/per hour
	Coaching development and soccer clinics	R100.00 per occasion	R100.00 per occasion
	Practice outside fields	R170.00/ season twice weekly	R170.00/ season twice weekly
	Schools	R140.00/ season twice weekly	R140.00/ season twice weekly
	Social games	R170.00 per occasion	R170.00 per occasion
	Other facilities		
	Netball/Basketball and Tennis		
	Morning session	R100.00	R100.00
	Afternoon session	R100.00	R100.00
	Stadium Hall		
	Sports clubs and cultural groups (by pre-arrangement)	R170.00	R170.00
	Residents: Meetings	R120.00	R120.00
	Non-residents: Meetings	R620.00	R620.00
	Functions	R470.00	R470.00
	Churches and schools	Half price	Half price

	Non sporting events inside stadium		
	Rental of stadium for events(pre-approve by MM)	R70 000.00	R70 000.00
	Deposit for the events	R30 000.00	R30 000.00

(h)	Multipurpose Sports Centre Hall		
	Church Service and meetings		
	Morning session 07:00 - 13:00	R550.00	R570.00
	Afternoon session 13:00 - 19:00	R550.00	R570.00
	Extra hour	R80.00	R85.00
	Kitchen use	R220.00	R230.00
	Music/Jazz and others		
	Morning session 07:00 - 13:00	R950.00	R1 000.00
	Afternoon session 13:00 - 19:00	R950.00	R1 000.00
	Extra hour	R80.00	R85.00
	Kitchen use	R220.00	R230.00
	Funeral service and memorial service		
	Morning session 07:00 - 13:00	R450.00	R470.00
	Afternoon session 13:00 - 19:00	R450.00	R470.00
	Extra hour	R80.00	R85.00
	Kitchen use	R220.00	R230.00

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	Political meetings		
	Morning session 07:00 - 13:00	R280.00	R290.00
	Afternoon session 13:00 - 19:00	R280.00	R290.00
	Extra hour	R80.00	R85.00
	Kitchen use	R220.00	R230.00
	Season 2 meetings per month	R520.00	R540.00
	Political Rally	R70 000.00	R73 500.00
	Deposit	R40 000.00	R42 000.00
	Government structures		
	Morning session 07:00 - 13:00	R280.00	R290.00
	Afternoon session 13:00 - 19:00	R280.00	R290.00
	Extra hour	R80.00	R85.00
	Kitchen use	R210.00	R230.00
	Welfare	R280.00	R290.00
	Deposit		
	Music/Jazz and others	R1 920.00	R2 020.00
	All other	R370.00	R390.00
	Sports Facility		
	Soccer/ Rugby and Cricket		
	Morning session 07:00 - 13:00	R160.00	R170.00

	Afternoon session 13:00 - 19:00	R160.00	R170.00
	Extra hour	R75.00	R80.00
	Kitchen	R210.00	R220.00
	Netball/ Basketball and Tennis		
	Morning session 07:00 - 13:00	R160.00	R170.00
	Afternoon session 13:00 - 19:00	R160.00	R170.00
	Extra hour	R75.00	R80.00
	Kitchen	R210.00	R220.00
	Schools		
	Morning session 07:00 - 13:00	R110.00	R120.00
	Afternoon session 13:00 - 19:00	R110.00	R120.00
	Extra hour	R55.00	R60.00
	Kitchen	R55.00	R60.00
	Indoor Games		
	Morning session 07:00 - 13:00	R210.00	R220.00
	Afternoon session 13:00 - 19:00	R210.00	R220.00
	Extra hour	R75.00	R80.00
	Kitchen use	R210.00	R220.00
	Coaching development and practice		
	Morning session 07:00 - 13:00	R110.00	R120.00
	Afternoon session 13:00 - 19:00	R110.00	R120.00
	Kitchen	R210.00	R220.00

(i)	Fire and Rescue	2016/2017	2017/2018
	Extinguishing of fires (excluding grass-bush and rubbish fires)		
(a)	Call out fee		
	Industrial fire (High risk)	R1 234.00	R1301.00
	Industrial fire (Low risk)	R612.00	R645.00
	Residential	R338.00	R360.00
	Institutions	R338.00	R360.00
	Public assembly	R338.00	R360.00
	Commercial	R338.00	R360.00
	Storage	R338.00	R360.00
	Shack or Informal housing (Flat rate) all costs included	R66.00	R70.00
	Heavy motor vehicle fire	R338.00	R360.00
	Motor vehicle, Motor bike, trailer with content	R134.00	R141.00
	Lamp or Electrical Poles (Council property excluded)	R134.00	R141.00
	Transformers (Council property excluded)	R338.00	R360.00
(b)	Personnel (tariff per hour)		
	Per Senior Officer	R169.00	R178.00
	Per Officer	R146.00	R154.00
	Per Senior Fireman	R134.00	R141.00
	Per Fireman	R112.00	R118.00
	(Times to be calculated from the time that the personnel left the Station until the fire		

	has been reported as extinguished).		
(c)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R448.00	R472.00
(d)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
II	<u>Grass, bush and rubbish fires</u>		
(a)	Rubbish Fires	R338.00	R360.00
	Bales of feed or Hay stack (up to 50 cubic meters)	R670.00	R706.00
	Bales of feed or Hay stack (more than 50 cubic meters)	R1 340.00	R1 412.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R169.00	R178.00
	Per officer	R146.00	R154.00
	Per Senior Fireman	R134.00	R141.00
	Per Fireman (Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished)	R112.00	R118.00
(c)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that	R448.00	R472.00

	the vehicle has left the Station until the fire has been reported extinguished.		
(d)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
III	<u>Special services (Dangerous goods etc).</u>		
(a)	Call out Fee	R1340.00	R1 412.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R221.00	R233.00
	Per officer	R280.00	R295.00
	Per Senior Fireman	R243.00	R256.00
	Per Fireman	R200.00	R211.00
(c)	Vehicles		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R896.00	R944.00
	Per kilometre (Travelled to and from the time of pump per hour)	R10.00	R11.00
	Per portable pump (Real working time of pump per hour)	R148.00	R156.00
	Per Fire Hose (per hour of part thereof)	R29.00	R31.00

	Per ladder used per call	R146.00	R154.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
IV	<i>Protection services (Standby Services)</i>		
	Where the presence of the Fire Department is compulsory with Fire pump and crew, the company responsible for the situation will be liable for the account.		
(a)	Call out Fee	R1 339.00	R1 411.00
(b)	Personnel(tariff per hour)		
	Per Senior Officer	R338.00	R360.00
	Per officer	R316.00	R333.00
	Per Senior Fireman	R280.00	R295.00
	Per Fireman	R221.00	R233.00
(c)	Vehicles		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R896.00	R944.00
	Per kilometre (Travelled to and from the incident per utility vehicle)	R10.00	R11.00
	Per portable pump (Real working time of	R146.00	R154.00

	pump per hour)		
	Per Fire Hose (per hour of part thereof)	R29.00	R31.00
	Per ladder used per call	R146.00	R154.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
V	<u>Filling of swimming pools and water tanks</u>		
	Hydrants must be within 90m from swimming or tank basic levy	R280.00	R295.00
	Per Fire Hose per hour period or part thereof	R29.00	R31.00
	Per Officer	R146.00	R154.00
	Per Senior Fireman	R134.00	R141.00
	Per Fireman	R112.00	R118.00
	Per kilometre (calculated to and from the address per utility vehicle)	R10.00	R11.00
	If a fire truck is required per hour or part thereof	R448.00	R472.00
	The cost of the water as per ruling levy on residences on Sundays and Public holidays.	(Double the normal tariffs)	(Double the normal tariffs)

VI	<u>Other Services</u>		
(a)	Attendance of Fireman in terms of section 14 of the standard by-laws relating to Fire Brigade Services:		

	Per entertainment, recreation meeting or other event provided that in the case of any variety entertainment or stage show conducted on schools premises or in a public hall in aid of school funds, no charges shall be charged for the attendance of a Fireman.	R338.00	R360.00
	Per Officer(tariff per hour)	R316.00	R333.00
	Per Senior Fireman(tariff per hour)	R280.00	R295.00
	Per Fireman(tariff per hour)	R221.00	R233.00
(b)	Pumping of water from property:		
	Light pump with a capacity of up to 1125 1/min per hour or part thereof	R896.00	R944.00
	Medium pump with a capacity of up to 2250 1/min per hour or part thereof	R945.00	R996.00
	Heavy pump with a capacity of up to 4500 1/min per hour or part thereof	R996.00	R1 050.00
	Per Officer(tariff per hour)	R280.00	R295.00
	Per Senior Fireman(tariff per hour)	R258.00	R273.00
	Per Fireman(tariff per hour)	R146.00	R154.00
(c)	Using Compressor per hour or part thereof		
	Per Officer(tariff per hour)	R280.00	R295.00
	Per Senior Fireman(tariff per hour)	R258.00	R273.00
	Per Fireman(tariff per hour)	R146.00	R154.00

(d)	Emergency Rescue unit per hour or part thereof		
	Per Officer(tariff per hour)	R244.00	R257.00
	Per Senior Fireman(tariff per hour)	R258.00	R273.00
	Per Fireman(tariff per hour)	R221.00	R233.00
(e)	Any other duty not mentioned under item VI per hour or part thereto		
	Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R896.00	R944.00
	Per kilometre (Travelled to and from the incident per utility vehicle)	R10.00	R11.00
	Per Officer(tariff per hour)	R280.00	R295.00
	Per Senior Fireman(tariff per hour)	R253.00	R267.00
	Per Fireman(tariff per hour)	R222.00	R234.00
(f)	Firebreaks per hour or part thereof		
	Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R612.00	R645.00

	Per Officer(tariff per hour)	R448.00	R472.00
	Per Senior Fireman(tariff per hour)	R280.00	R295.00
	Per Fireman(tariff per hour)	R221.00	R233.00
(g)	Special Service		
	Refilling of cylinders(SCBA)	R40.00 per cylinder	R42.00
	Issuing of Dangerous Goods Certificate	R320.00 per unit (yearly)	R337.00
	Issuing of Fire Certificate in business	R320.00 per business (yearly)	R337.00
	Basic Fire Fighter Training	R338.00 per person	R360.00
	Renting of Lecture Room	R390.00 per Morning session	R411.00
	Extra hour	R116.00	R122.00
	Kitchen use	R116.00	R122.00
	Traffic Services	2016/2017	2017/2018
	<u>Abnormal loads escorts and excavations</u>		
	Per Officer (Per hour or part thereof)	R133.00	R140.00
	Per Officer Overtime (Per hour or part thereof)	R279.00	R294.00
(a)	Sport Meetings		

	Per Officer (Per hour or part thereof)	R200.00	R211.00
	Per Officer Overtime (Per hour or part thereof)	R279.00	R294.00
(b)	Impounded Vehicles		
	Hitching of vehicles	R558.00	R588.00
	Towing of the vehicle	R389.00	R410.00
	Tracing of the owner	R895.00	R943.00
	Storage Fees(per day including first and last day)	R89.00	R94.00
(c)	Erection of posters DEPOSIT	R263.00	R277.00
	COST PER POSTER	R15.00	R16.00
(d)	Street Trading OUTSKIRTS	R105.00 pm	R111.00
	CBD	R100.00 pm	R105.00

DIRECTORATE	R 2016/17	R 2017/18
Economic Development		
Housing and Property Management Services (<i>& Economic Development</i>)		
Leases - General: - Rental arrangements as agreed <u>per contract</u>	Contractual Arrangements Status quo	Contractual Arrangements Status quo
Leases: Business Buildings – Approximately 70 m ²	R600.00 p.m.	R650.00 p.m.
Leases: Two Farm Houses (<i>Mooirdraai</i>) Incentive R1`000 pm since 2008 – Approximately 220 m ² Each (<i>Market Related Rent = R3`300.00 p.m.</i>)	Incentive R1`500 p.m.	Incentive R1`600 p.m.
Leases: Cell phone Communication Towers (Vodacom, etc) <i>Market Related Rent for a similar crèche = R1`300 pm</i>	R2`000 p.m.	R2`200 p.m.
Leases: Crèche (<i>Such as Erf 11711 Zamdela Ext 9</i>) <i>Market Related Rent for a similar crèche = R5`000 pm</i>	Incentive R1`100 p.m.	Incentive R1`170 p.m.
Leases: Temporary allocation of land not exceeding 21 days (<i>such Circuses / Churches for spiritual revivals / church outreaches</i>)	R50.00 / day	R55.00 / day
Leases: Initiation Schools not exceeding 50days	R1050.00 (fixed)Water provision to be agreed with Civil Engineering	R1100.00 (fixed)Water provision to be agreed with Civil Engineering
Temporary leases for parking purposes on open portions of land	R25.00/per day per parking bay of 40 m²	R27.00/per day per parking bay of 40 m²
Leases: Cattle owners Leases - grazing	R300.00 p.m. per cattle owner	R350.00 p.m. per cattle owner

<p><u>Deposit Payments at Hostels / Thembaletu</u></p> <p>The Council re-confirm that since September 1994 deposit payments was not a requirement and /or will not be a requirement for beneficiaries / tenants moving onto residential stands and / or into municipal dwelling / rental units , either:</p> <p>1 A rental deposit and / or 2 Other deposit payments such as consumer services deposit payments</p>	Not a requirement	<p>Not a requirement</p> <p><i>Status quo</i></p>
<p>Leases: Assisted Sub-Economic Rental Stock</p>		
<p>Six (6) semi-detached - / row houses in Sasolburg Extension 1 one and (1) house in Sasolburg Extension 19 reserved / earmarked as rental stock for the elderly, disabled and poor households restricted to households in <u>the deep down-market range earning between R800.00 per month to R3,500.00 per month</u></p> <p><i>Market related rent for a similar house = R3100 pm</i></p> <p><i>Note: Pre-paid meters to be installed in ALL rental stock units to recover electrical services costs</i></p> <p>Erf 1499 Sasolburg Ext 1 (83 m²) Grobler 12 Sasolburg X 1 Erf 1500 Sasolburg Ext 1 (83 m²) Grobler 14 Sasolburg X 1 Erf 1501 Sasolburg Ext 1 (83 m²) Grobler 16 Sasolburg X 1 Erf 1502 Sasolburg Ext 1 (83 m²) Philip Botha 2 Sasolburg X 1 Erf 1503 Sasolburg Ext 1 (98 m²) Philip Botha 4 Sasolburg X 1 Erf 1504 Sasolburg Ext 1 (98m²) Philip Botha 6 Sasolburg X 1 Erf 12884 Sasolburg Ext 1 (128 m²) Candlewood 6 Sasolburg X 19</p>	<p>Calculated at 20% of monthly household income implying that the average monthly rental should not exceed R550.00 per month (<i>excluding consumer services</i>) for qualifying beneficiaries</p>	<p>Calculated at 20% of monthly household income implying that the average monthly rental should not exceed R585.00 per month (<i>excluding consumer services</i>) for qualifying beneficiaries</p>

	R 2016/17	R 2017/18
<u>Leases: Thembaletu Hostel (141 x 101,02 m² units)</u>		
<i>Pre-paid meters to be installed in all rental stock units to recover electrical services cost</i>		
Block A - 24 x units (shower & bath) <i>Market Related Rent for three bedroom units = R2`500 pm</i>	Incentive R1`250.00 p.m.	Incentive R1`330.00 p.m.
Block B - 18 x units (shower & bath) <i>Market Related Rent for three bedroom units = R2`500 pm</i>	R1`250.00 p.m.	R1`330.00 p.m.
Block C - 24 x units (shower) <i>Market Related Rent for two bedroom units = R2`000 pm</i>	R1 150.00 p.m.	R1 220.00 p.m.
Block D - 18 x units (shower) <i>Market Related Rent for two bedroom units = R2`000 pm</i>	R1 150.00 p.m.	R1 220.00 p.m.
Block E - 30 x units (shower) <i>Market Related Rent for two bedroom units = R2`000 pm</i>	R1 150.00 p.m.	R1 220.00 p.m.
Block F - 9 x units (shower) <i>Market Related Rent for two bedroom units = R2`000 pm</i>	R1 150.00 p.m.	R1 220.00 p.m.
Single Units - 18 x beds (6 x flats with 3 x bedrooms) <i>Market Related Rent for Bachelor Flats = R1`200 pm</i>	R515.00 p.m.	R550.00 p.m.
<i>(Other)</i>		
Tuck shop / Churches (62 m²)	R95.00 p/day	R105.00 p/day
Tuck shop / Milk depot (13 m²)	R95.00 p.m.	R105.00 p.m.
Tuck shop / F Shai (22 m²)	R90.00 p.m.	R100.00 p.m.
Tuck shop / M Kok (22 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / L Tau (22 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / Dry Cleaners (37 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / Hair Saloon (41 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / Upholsterer (46 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / Dressmaking (80 m²)	R190.00 p.m.	R210.00 p.m.
Tuck shop / Crèche (197 m²)	R85.00 p.m.	R95.00 p.m.

Tuck shop / Video Shop (207 m²)	R220.00 p.m.	R245.00 p.m.
Former kitchen/Hall per activity	R350.00 per activity	R380.00 per activity
Recycling Business	R1 200.00 p.m.	R1 300.00 p.m.
Themba lethu Community Hall	R295.00 p/day	R325.00 p/day
Themba lethu Lapa	R100.00 p/day	R110.00 p/day
Themba lethu Community Job Establishment Office	R100.00 p.m.	R110.00 p.m.
<p style="text-align: center;">HOSTELS</p> <p><i>Market Related Rent for a similar Hostel Unit = R500.00 pm</i></p> <p>Hostel 1 = 317 units</p> <p>Hostel 2 = 330 units</p> <p>Hostel 3 = 389 units</p> <p>Hostel 4 = 112 units <i>(In process of re-development to CRU's - hereinafter)</i></p> <p>Phomolong = 14 units</p>		
<i>Hostel at Refengkgotso (Erf 842 From date of subdivision)</i>	R0.00	<i>As per Hostel Tariff</i>
<ul style="list-style-type: none"> - Fixed Hostel Rent / Tariff - Fixed Hostel Rent / Tariff for purposes of <u>a maximum of 4 single persons sharing</u> a rental unit, that each single should contribute individually and that the rental amount of R80.00 pm. plus water consumption calculated @ 30.00 p.m. be divided by the number of persons sharing / occupying the unit <p><i>Note: Pre-paid meters to be installed in ALL rental stock units to recover electrical services costs</i></p>	<p>R115.00 pm</p> <p>While corrective measures are taken regarding maintenance and upgrading of services</p> <p>Then</p> <p>R160.00 pm</p> <p><i>Divided by the number of people sharing)</i></p>	<p>R185.00 pm</p> <p>While corrective measures are taken regarding maintenance and upgrading of services</p> <p>Then</p> <p>R330.00 pm</p> <p><i>Divided by the number of people sharing)</i></p>

CRU,s (Hostel 4 Zamdela) Phase 1 = 128 Units Phase 2 = 296 Units (Community Residential Units – Replacement of Hostel 4 Zamdela) Note: Pre-paid meters to be installed in ALL rental stock units to recover electrical services costs Tenants in excess of R50`000 monthly income should NOT be considered for CRU`s and be accommodated conditional		
	Status Quo <u>Rent determined by</u> MEC Human Settlement AS REPLACEMENT OF RECOMMENDED TARIFFS	Status Quo <u>Rent determined by</u> MEC Human Settlement AS REPLACEMENT OF RECOMMENDED TARIFFS
Bachelor	R 540.00	R 540.00 pm
1 Bedroom self contained	R 715.00	R 715.00 pm
1,5 bedroom	R 895.00	R 895.00 pm
2 Bedroom interchangeable	R 1 150.00	R 1 150.00 pm
2 Bedroom self contained	R 1 150.00	R 1 150.00 pm
(And / Or as amended by Provincial Government / MEC Human Settlements)		
ASSET MANAGEMENT INCENTIVES (EXEMPTED ASSETS)		
(Council 29 August 2013)		
Allocation of Stands to the Poor Allocation of municipal owned residential stands included the following: (1) First time allocation of vacant stands (2) Second allocation of abandoned stands (3) Third confirmation and allocation of stands occupied (4) Re-allocation of stands in Estate cases&identified vacant municipal erven declared as `abandoned / dead` property		
On date of application and submission of an approved IGG Registered Certificate - not older than 12 months – and for households within a threshold income not exceeding R3`000.00 p.m., <u>NO payment</u> will be required to a first time allocation of a residential stand	R0.00	R0.00

For income categories not exceeding a monthly income of R1`500.00 including the aged earning less than R3`500 pm an unrepeatable and one-time "allocation- / occupational land site fee"	R105.00	R105.00
For income categories exceeding R1501.00 not exceeding a monthly income of R3`500.00 an unrepeatable and one-time "allocation- / occupational land site fee"	R315.00	R315.00
For income categories from R3`501.00 not exceeding a monthly income of R7`000.00 an unrepeatable and one-time "allocation- / occupational land site fee" (FLISP)	R630.00	R630.00
For income categories from R7`001.00 not exceeding a monthly income of R15`000.00 threshold an unrepeatable and one-time "allocation- / occupational land site fee" (FLISP)	R1160.00	R1160.00
Exempted stands earmarked for housing delivery projects (RDP/BNG) for first time home owners and income categories not exceeding a monthly income of R3`500 pm	R1000 per stand	R1000 per stand
AUCTIONS: The Councils attorneys be given full power of attorney to act on behalf of the Council at the sale in execution of land / erven (public auction) of defaulters property and if stands are not bought to buy the properties on behalf of the Council	R10.00 / erf	R10.00 / erf
<u>INCENTIVE LAND PRICES</u>		
Business Erven Up to R8`000 R8001 to R12`000 R12`001 to R15`000	<i>Status quo</i> R15.00/m² R32.00/m² R42.00/m²	<i>Status quo</i> R16.00/m² R35.00/m² R47.00/m²
Community Facility (Church) Erven	R7.00/m²	R8.00/m²
Residential Erven Up to R2`500 R2`501 to R5`000 R5`001 to R7`500 R7`501 to R10`000 R10`001 to R12`500 R12`501 to R15`000 Exceeding R15`001	Up to R3.00/m² R6.00/m² R13.00/m² R18.00/m² R26.00/m² R32.00/m² R42.00/m²	R3.00/m² R6.00/m² R14.00/m² R19.00/m² R29.00/m² R35.00/m² R46.00/m²
Servitudes over municipal owned land in terms of Sections 60 and 116 of Act 32 of 2000	R3`300.00/servitude	R3 600.00/ servitude
Integrated Human Settlement Plan (IHSP)		

Hard Copies (Per Chapter / Selection or in Whole) Electronic Format	R350.00	R380.00
	R100.00	R110.00
Map Fragments (Inquiries for available data)		
Hard Copies (A4 Format) Electronic Format	R200.00	R220.00
	R100.00	R110.00
Application for identification of Corner Pegs / Erf Boundaries		
Informal Identification by means of General Plan Data	R500.00	R550.00
Formal Identification per SG Diagram	As per Quotation of Service Provider (Land Surveyor)	As per Quotation of Service Provider (Land Surveyor)
DEEDS OFFICE SEARCHES (Public / Private request on Ownership)	R25.00/search	R30.00 / search
Attorneys, Notaries & Conveyancers (Inquiries for a certificate on occupational status of land (Sec 52(4) Act 4 of 1984)	R25.00/search	R30.00 / search
LETTERS OF AUTHORITY (Application i.t.o Sec 18(3) of Estates Act 66 of 1965 of occupational / ownership status)	Exempted	Exempted
High Value Assets	<i>Status Quo</i> In excess of R50 million	Status Quo In excess of R50 million

THE FOLLOWING RECOMMENDED AS SPLUMA GUIDELINE TARIFFS

Urban Planning	R 2016/17	Amount Excl. VAT R 2017/18
SPLUMA Act		
<u>Category 1: Application Type</u>		
Township Establishment 0 - 500	R3 440.00	R3 440.00
501 - 1000	R4 730.00	R4 730.00
1000 and more	R5 590.00	R5 590.00
Amendment of General Plan	R1 290.00	R1 290.00
Permanent closure of public open spaces (Street, Road Reserve, Open Space, Park)	R4 945.00	R4 945.00
Sasolburg Town Planning Scheme 1/1993 Amendments	R4 945.00	R4 945.00
Vaal River Guide Plan applications	R2 150.00	R2 150.00
Application for extension of boundaries of an approved township	R3 225.00	R3 225.00
Application for phasing of a Township	R3 255.00	R3 255.00
Preparation of a Town-planning Scheme on a township establishment application if prepared by Council	R3 010.00	R3 010.00
<u>Category 2: Application Type</u>		
Removal, amendment or suspension of restrictive title conditions	R860.00	R860.00
Rezoning/De-zoning	R2 580.00	R2 580.00
Special Consent Use	R1290.00	R1290.00
Subdivision	R860.00	R860.00
Per additional 5 th	R72.00	R72.00
Consolidation	R860.00	R860.00
Per additional 5 th	R72.00	R72.00
<u>Additional Fees / Tariffs</u>		
Zoning Certificates	R132.00 / application	R132.00
The withdrawal of an approved application for subdivision/consolidation	R516.00	R516.00
The amendment of the conditions on which the subdivision/consolidation was approved	R559.00	R559.00
The amendment of an approved	R559.00	R559.00

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consolidation or subdivision plan		
Application for amendment of the conditions on which consent was given in terms of the Townships Ordinance and / or Act 4 of 1984 (Annexure F & Land Use Regulations)	R516.00	R516.00
Section 23 certificates (per certificate) for lodging of title deed with the Registrar of Deeds	R301.00	R301.00
Regulation Certificate: Subdivision / Consolidation (per subdivided portion)	R301.00	R301.00
Request for extension of time for township application	R688.00	R688.00
Appeal on decision	R2 580.00	R2 580.00
Building Line Relaxation	R301.00	R301.00
Consent application (Tuck shop)	R258.00	R258.00
Spatial Development Framework (SDF)		
Hard Copies	R129.00	R129.00
Electronic Format	R64.50	R64.50
Land Use Management- or Town Planning Scheme		
Hard Copies	R258.00	R258.00
Electronic Format	R129.00	R129.00
<u>Building Plan Fees / Tariffs</u>		
Building Plan: Approval Fee	R320.00 / application R20.00 / 10m² for the first 1`000m² R18.00 / 10m² for the following 1`000m² – namely 1`001 to 2`000m² R15.00 / 10m² for the following 1`000m² – namely 2`001m² to 4000m²	R340.00 / application R21.00 / 10m² for the first 1`000m² R20.00 / 10m² for the following 1`000m² – namely 1`001 to 2`000m² R16.00 / 10m² for the following 1`000m² – namely 2`001m² to 4000m²
Site Development Plans (SDP)	R1 000,00	R1 050,00
Internal alterations on building plans	R320.00	R340.00
Swimming pools	R320.00	R340.00
Shade nets	R320.00	R340.00

Boundary walls	R320.00	R340.00
Permits	R320.00	R340.00
Signage	R320.00	R340.00
Inspection fee (farms / plots)	R500.00 / plan	R520.00 / plan
Building clause certificates	R320.00	R340.00
Billboards (Contracts)	R50.00 / m²	R55.00 / m²

Economic Development	R 2016/17	R 2017/18
Containers at Zamdela Taxi Rank	R140.00 p.m.	R150.00 p.m.
<i>LED Strategy</i>		
Hard Copies (Per Chapter / Selection or in Whole)	R350.00	R400.00
Electronic Format	R100.00	R110.00
Application for SMME / Corporate Promotions	R100.00	R110.00

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Zero based budgets and incremental method based on historical information, plus inflation in line with Treasury guidelines
- All increases more than the inflation to be properly motivated.
- The filling of vacancies should support challenges identified and key priorities as adopted at the strategic workshop. The organisational structure is in the process of being revised.
- mSCOA in process to be implemented.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Operating expenditure by main type	2016/17	2017/18	2018/19	2019/20
	Adjusted Budget	MTREF	MTREF	MTREF
	R'000	R'000	R'000	R'000
Employee related costs	254 118	269 112	291 005	312 543
Remuneration of councillors	16 343	17 213	18 401	19 451
Bad debts	94 441	120 751	127 244	125 687
Repairs and maintenance	39 497	45 369	47 875	50 135
Bulk purchases-electricity	216 664	229 555	260 544	295 718
Bulk purchases-water	144 972	181 924	199 815	219 479
Contracted services	38 022	38 299	38 337	38 810
Finance charges	2836	6 019	5 313	4 547
General expenses	122 309	126 182	129 869	133 143
Depreciation	73 535	78 265	83 266	88 759
	1 002 737	1 112 689	1 201 669	1 288 272

Employee Related Cost: The budgeted allocation for employee related costs for the 2017/18 financial year totals R269.1 million, which equates to 24.2 per cent of the total operating expenditure. The three year collective SALGBC agreement has lapsed at 30 June 2015. Salary increases as per collective agreement have been factored into this budget at a percentage increase of 6.4 per cent for the 2017/18 financial year. An annual increase of 6.8 and 6.7 per cent has been included in the two outer years of the MTREF. Employees employed at 31 January 2017 (excluding resignations/retirements at 31/1/2017) were used as baseline. Based on the proposed amended structure critical vacancies need to be determined. As a baseline, provision is made for vacancies of R2.5 million still to be filled in 2016/2017 and in 2017/2018. The organisational structure is currently in the process of being reviewed, as well as re-engineering of business.

Remuneration of councillors: The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Bad Debts: The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt collection and Credit Control Policy of the Municipality. For the 2017/18 financial year this amount equates to R121 million and increases to R126million by 2019/20. While this expenditure is considered to be a non-cash flow item, it is the municipality's realistically anticipated revenues.

Depreciation: Provision for depreciation and asset impairment has been informed by the Accounting Standards. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard are R73million in 2016/2017. The budget appropriation totals R78.2 million for the 2017/18 financial and equates to 7 per cent of the total operating expenditure.

Finance charges: Finance charges consist primarily of the repayment of interest on long-term finance lease (cost of capital) and use of bank overdraft facility. Finance charges make up 0.5 per cent (R6 million) of operating expenditure excluding annual redemption for 2017/18 and decreases to R4.5 million by 2019/20

Bulk purchases Electricity and Water: Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include technical losses and distribution losses for water and electricity. The final increase from service providers will be available in April 2017.

Repairs and maintenance: Repairs and maintenance (Schedule A4 as other materials) comprises of amongst others, materials for maintenance, cleaning materials and chemicals, as well as contractors. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2017/18 the appropriation against this group of expenditure has increased by 14.9 per cent (R5.9million) and then continues to grow at 5.5 and 4.7 per cent for the two outer years of which budget allocation is in excess of R50.1million by 2019/20. The implementation of mSCOA will divided repair and maintenance into projects, as well as contractors and material use.

Contracted services: In the 2017/18 financial year, contracted services totalled R38.3 million and has increased by 0.7 per cent. For the two outer years growth has been limited to 0.1 and a negative growth of 1.2 per cent. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings measures will be implemented. Further details relating to contracted services can be seen in Table 50 MBRR SA1 (see page 180). The amount can increase when the implementation of mSCOA is completed.

General expenses: Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 3.2 per cent for 2017/18 and curbed at 2.9 and 2.5 per cent for the two outer years, indicating that significant cost savings have been already realised. Computer services (licence fees) to the amount of R6million have been reclassified. Further details relating to other expenditure can be seen in Table 50 MBRR SA1 (see page 180).

Unpack of Professional fees, Conference and delegations, transport claims in line with Municipal Standard Chart of Accounts (mSCOA) will result in changes of the classification of the items.

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

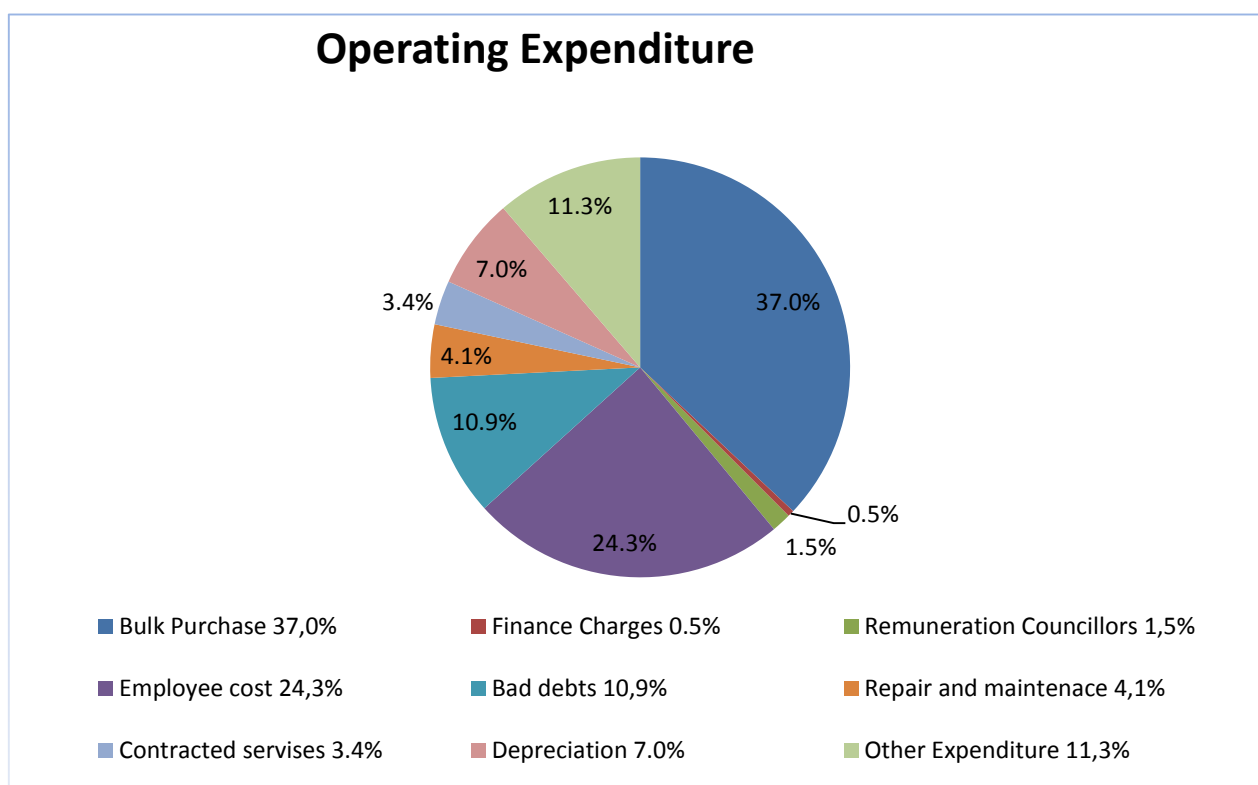


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Remuneration is still included in Employee cost but in the table the employees cost of Technical Services is added to reflect the repair and maintenance cost. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

	2013/14	2014/15	2014/15	Current 2016/17			2017//2018MTREF		
R thousand	Audit Outcome	Audit Outcome	Audit Outcome	Original budget	Adjust Budget	Full year forecast	Budget 2017/18	Budget 2018/19	Budget 2019/20
Employee related cost	44,385	33,431	53,996	60,016	61,283	61,283	66,642	71,282	76,213
Materials and contracted services	15,227	25,693	18,942	38,199	39,497	39,497	45,369	47,875	50,141
Total repairs and maintenance expenditure	59,612	59,124	72,938	98,215	100,780	100,780	112,011	119,157	126,354

During the compilation of the 2017/18MTREF operational budget repairs and maintenance was identified as a strategic imperative owing to the ageing infrastructure and historic deferred maintenance. To this end, repairs and maintenance increases by 14 per cent in the 2017/18 financial year, from R100.8 million to R112 million. During the 2016/17 Adjustment Budget this allocation was adjusted slightly upwards to R100.8 million. As part of the 2016/17MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R112 million, an increase of 11.1 per cent in relation to the Adjustment Budget and then continues to grow at 6.4 and 6per cent over the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

	2013/14	2014/15	2015/16	Current 2016/17			2016//2017MTREF		
R thousand	Audit Outcome	Audit Outcome	Audit Outcome	Original budget	Adjust Budget	Full year forecast	Budget 2017/18	Budget 2018/19	Budget 2019/20
Repair and maintenance per asset class									
Infrastructure Roads	14,602	11,735	17,548	29,971	29,665	29,665	32,243	34,203	36,392
Infrastructure Electricity	13,318	9,610	16,258	17,770	20,718	20,718	20,866	22,269	23,773
Infrastructure Water	10,714	12,632	14,866	16,076	16,197	16,197	17,653	18,834	20,098
Infrastructure Sanitation	10,227	16,818	12,059	13,751	14,480	14,480	14,484	15,445	16,472
Infrastructure Other	4,948	3,363	6,517	8,701	8,306	8,306	9,610	10,254	10,533
Community	194	244	20	782	338	338	315	326	334
Other assets	5,609	4,722	5,670	11,164	11,076	11,076	16,840	17,826	18,752
Total Operating expenditure	59,612	59,124	72,938	98,215	100,780	100,780	112,011	119,157	126,354

For the 2017/18 financial year, 84.7 per cent or R94.9 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 18.6 per cent (R20.9 million), road infrastructure at 28.8 per cent (R32.2 million), water at 15.8 per cent (R17.7 million) and sanitation at 12.9 per cent (R14.5 million). Community assets have been allocated R315 000 of total repairs and maintenance equating to 0.3 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. It is anticipated that there would 15 000 indigent households during the 2016/17 financial year. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 110.

The threshold to qualify as indigent is two times the state old age pension plus R1 500 as the maximum income per household.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2017/8 Medium-term capital budget per vote

Capital expenditure by vote	2016/17		2017/18		2018/19		2019/20	
	Adjusted Budget	%	MTREF	%	MTREF	%		%
	R'000		R'000		R'000		R'000	
Exec. & Council (MM, Executive Mayor, Council)	9 501	7,51	5 840	3,76	2 779	1,82	2 773	2,63
Corporate Services	1 250	0,99	5 025	3,23	2 250	1,47	1 230	1,17
Social Services	15 381	12,16	53 637	34,51	60 362	39,50	24 486	23,24
Refuse Removal	3 663	2,90	1 480	0,95	9 540	6,24	18 066	17,14
Public Safety	6 442	5,09	2 791	1,80	3 834	2,51	3 647	3,46
Sport and Recreation	4 660	3,69	44 241	28,47	38 766	25,37	2 278	2,16
Community Services	616	0,49	5 125	3,30	8 222	5,38	495	0,47
Technical Services	97 593	77,19	87 217	56,12	87 422	57,21	76 886	72,96
Streets and Storm water	49 517	39,16	22 390	14,41	26 350	17,24	16 200	15,37
Sewerage	18 640	14,74	30 690	19,75	29 729	19,45	40 828	38,75
Water supply	2 503	1,98	4 381	2,82	2 588	1,69	2 608	2,47

Electricity supply	24 263	19,19	27 589	17,75	28 080	18,38	17 050	16,18
Mechanical Workshop/Buildings	1 070	0,85	2 167	1,39	675	0,44	200	0,19
Administration	1 600	1,27	0	0,00	0	0,00	0	0,00
Financial Services	465	0,37	1 950	1,25	0	0,00	0	0,00
Economic Dev. and Planning	2 250		1 750	1,13	0	0,00	0	
Housing & Urban Planning								
Economic Development	2 250		2 250	1,45	1 750	1,15		
TOTAL	126 440	98	155 419	100	152 813	100	105 375	100

The biggest single portion of capital expenditure is allocated to Technical Services which amounts to **R87million** in 2017/2018 decreasing to **R77million** in 2019/2020.

It is projected that capital expenditure will decrease over the next three years. This mainly due to delays in confirmation of funding from external sources (province and district) inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's budget reform programme. However, the two outer years will be populated with projects during the 2017/2018 budget and IDP process. Roads receive R22.4 million in 2017/18 which equates to 14.4 per cent, electricity at 17.8 per cent, R27.6 million, water at 2.8 per cent, R4.4 million and sewer 19.8 per cent, R30.7 million. *The Capital budget will be revised after the completion of the IDP.*

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 104. In addition to the MBRR Table A9, MBRR Tables 47; 48 and 49 -SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 165 to 169). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Conditional Grants

	2017/2018	2018/2019	2019/20
Moses Kotoane stadium upgrade	R30m		
Gortin sewer	R11.2m		
Construction of roads & storm water Zamdela	R14.1m		
Construction of sports complex Refengkgotso	R8.3m	R7.9m	R279k
Construction of sports complex Metsimaholo	R4.9M		
Zamdela cemetery upgrading		R5.9m	R60k
Leitrim bulk electricity supply	R10m	R10m	
Themba Khubeka bulk electricity supply			R13m
High mast lights Amelia	R4.5m	R250k	
Sewer Connections		R20.5m	R34.5m
Rehabilitation of Refengkgotso water treatment works	R15m		
Rehabilitation of Oranjeville water treatment works		R6.1m	R3.8m
Land fill site		R4.7m	R11.9

Own funding

- Upgrading of electricity substation R1.5million
- Network strengthen Gortin R3 million
- Upgrading of network Oranjeville R2million
- Resealing of roads R6 million
- Office furniture R1.5 million
- Rehabilitation of landfill site R1 million
- Water pumps: R1.5 million
- Sewer pumps: R2 million
- Electricity to non-electrified areas: R1 million
- Call centre R2.5 million
- Air conditioners R750(k)
- ICT Disaster recovery R3.5 million
- Vehicles and equipment R9.5 million
- Fencing Refengkgotso cemetery R1million

Borrowing

- Vehicles R2.7 million

Furthermore Annexure A on pages __ to __ contains a detailed breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

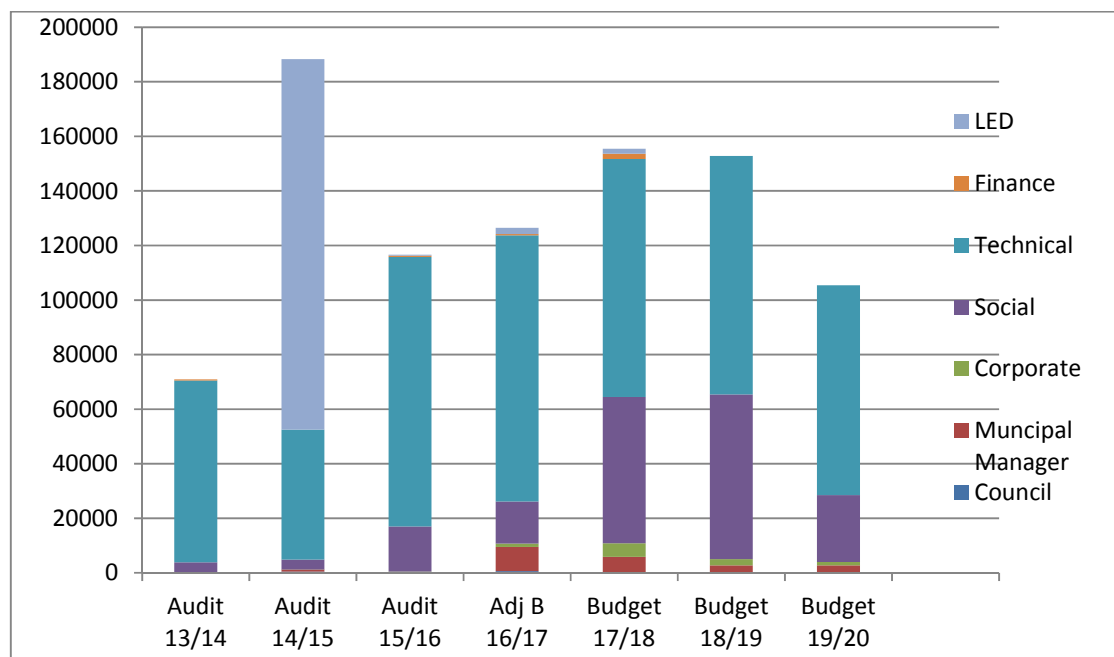


Figure 2 Capital Infrastructure Programme

The municipality is highly dependent on conditional grant funding for its capital expenditure. The cash flow of the municipality is under strain and there is a limited surplus on the operating budget which could be used for capital expenditure.

1.7 Annual Budget Tables

The following twenty five pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

FS204 Metsimaholo - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	95,290	111,299	114,445	113,366	121,196	121,196	–	129,932	138,054	146,534
Service charges	399,853	487,710	521,503	696,381	671,852	671,852	–	738,333	782,356	827,656
Investment revenue	1,694	2,167	2,702	2,600	1,400	1,400	–	1,200	1,200	1,200
Transfers recognised - operational	104,642	112,034	219,623	131,694	133,173	133,173	–	147,693	167,947	183,482
Other own revenue	48,612	63,264	58,682	36,265	54,836	54,836	–	76,152	77,976	78,483
Total Revenue (excluding capital transfers and contributions)	650,090	776,474	916,955	980,307	982,457	982,457	–	1,093,310	1,167,532	1,237,354
Employee costs	188,398	175,080	225,578	249,435	254,118	254,118	–	269,112	291,005	312,543
Remuneration of councillors	13,173	14,410	15,247	16,343	16,343	16,343	–	17,213	18,401	19,451
Depreciation & asset impairment	32,238	38,692	42,930	73,535	73,535	73,535	–	78,265	83,266	88,759
Finance charges	2,282	4,602	991	2,241	2,836	2,836	–	6,019	5,313	4,547
Materials and bulk purchases	270,799	304,914	336,678	409,853	401,131	401,131	–	456,849	508,235	565,339
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	179,230	277,238	268,685	247,428	254,772	254,772	–	285,232	295,450	297,634
Total Expenditure	686,120	814,936	890,110	998,836	1,002,736	1,002,736	–	1,112,688	1,201,670	1,288,273
Surplus/(Deficit)	(36,030)	(38,462)	26,845	(18,530)	(20,279)	(20,279)	–	(19,379)	(34,137)	(50,918)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	83,124	190,784	10,578	67,092	81,067	81,067	–	68,114	55,492	63,545
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Capital expenditure & funds sources										
Capital expenditure	80,947	188,267	116,620	113,245	126,440	126,440	–	155,419	152,813	105,375
Transfers recognised - capital	67,898	184,086	84,689	67,092	68,592	68,592	–	98,114	85,492	63,545
Public contributions & donations	–	–	–	–	12,474	12,474	–	–	1,000	1,000
Borrowing	–	–	10,379	1,000	11,085	11,085	–	2,680	780	1,080
Internally generated funds	13,049	4,181	21,551	45,154	34,289	34,289	–	54,625	65,541	39,750
Total sources of capital funds	80,947	188,267	116,620	113,245	126,440	126,440	–	155,419	152,813	105,375
Financial position										
Total current assets	192,120	229,135	246,740	319,941	380,322	380,322	–	416,781	412,453	430,880
Total non-current assets	1,018,015	1,164,976	1,234,726	1,288,577	1,287,630	1,287,630	–	1,364,784	1,434,332	1,450,948
Total current liabilities	189,378	207,982	248,976	177,041	228,019	228,019	–	226,293	240,799	240,546

March 2017

Total non-current liabilities	87,214	92,205	101,144	119,184	117,048	117,048	–	124,759	127,032	130,371
Community wealth/Equity	933,543	1,093,924	1,131,347	1,312,294	1,322,885	1,322,885	–	1,430,513	1,478,954	1,510,911
Cash flows										
Net cash from (used) operating	97,635	44,755	75,488	125,402	90,320	90,320	–	164,356	150,239	114,645
Net cash from (used) investing	(67,190)	(43,619)	(97,185)	(104,744)	(112,963)	(112,963)	–	(153,418)	(150,312)	(102,700)
Net cash from (used) financing	(13,500)	(1,070)	9,848	(2,389)	8,762	8,762	–	(4,213)	(6,819)	(6,966)
Cash/cash equivalents at the year end	26,129	26,195	14,345	18,269	465	465	–	7,189	297	5,276
Cash backing/surplus reconciliation										
Cash and investments available	26,129	26,195	14,345	19,001	464	464	–	7,189	297	25,760
Application of cash and investments	137,320	135,626	134,325	(130)	(11,114)	(11,114)	–	(23,478)	(6,989)	4,180
Balance - surplus (shortfall)	(111,191)	(109,431)	(119,979)	19,131	11,578	11,578	–	30,667	7,286	21,580
Asset management										
Asset register summary (WDV)	1,017,454	1,164,976	1,234,726	1,288,577	1,287,630	1,287,630	1,364,784	1,364,784	1,434,332	1,450,948
Depreciation	32,238	38,692	30,577	62,342	32,716	32,716	67,413	67,413	72,177	77,325
Renewal of Existing Assets	–	–	1,704	17,476	15,140	15,140	15,140	22,863	19,108	19,826
Repairs and Maintenance	59,612	59,124	72,938	98,215	100,780	100,780	112,327	112,327	119,490	126,709
Free services										
Cost of Free Basic Services provided	39,099	25,668	22,660	52,187	27,912	27,912	58,844	58,844	62,222	65,733
Revenue cost of free services provided	63,167	52,910	24,704	73,671	81,582	81,582	30,114	30,114	30,940	31,774
Households below minimum service level										
Water:	3	1	8	–	–	–	–	–	–	–
Sanitation/sewerage:	12	9	14	–	–	–	2	2	2	2
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	69	72	72	53	53	53	52	52	52	52

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

- iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. If the municipality's cash flow is positive, and is improving it indicates that the necessary cash resources are available to fund the Capital Budget. Capital from own funding (accumulated surplus) will only be used based on the availability of cash.
4. Even though the Council is placing great emphasis on financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

FS204 Metsimaholo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		157,641	327,116	236,610	201,202	224,727	224,727	241,682	268,573	289,262
Executive and council		407	359	7,324	2,981	2,881	2,881	3,143	3,278	868
Finance and administration		157,234	326,757	229,286	198,221	221,846	221,846	238,539	265,295	288,394
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		25,179	30,764	29,280	21,196	21,196	21,196	39,477	40,688	27,260
Community and social services		3,317	2,148	2,697	3,106	3,106	3,106	1,368	7,329	902
Sport and recreation		1,759	1,186	2,352	10,487	10,487	10,487	15,773	10,569	3,064
Public safety		16,282	23,372	19,179	3,602	3,602	3,602	18,796	19,003	19,243
Housing		3,820	4,058	5,052	4,001	4,001	4,001	3,541	3,787	4,050
<i>Economic and environmental services</i>		36,404	35,239	14,804	42,263	42,263	42,263	16,180	2,158	2,272
Planning and development		504	534	727	1,945	1,945	1,945	2,050	2,158	2,272
Road transport		35,900	34,705	14,076	40,318	40,318	40,318	14,130	-	-
<i>Trading services</i>		513,990	574,139	638,979	782,737	775,238	775,238	864,085	911,605	982,105
Energy sources		232,422	213,318	261,134	317,288	317,788	317,788	309,032	322,023	342,526
Water management		219,383	290,626	285,812	380,813	362,513	362,513	441,182	466,541	492,487
Waste water management		30,460	31,392	54,209	34,776	44,777	44,777	59,622	61,881	75,578
Waste management		31,725	38,803	37,825	49,860	50,161	50,161	54,249	61,160	71,513
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	733,214	967,258	919,673	1,047,398	1,063,424	1,063,424	1,161,424	1,223,024	1,300,899
Expenditure - Functional	-									
<i>Governance and administration</i>		118,524	191,650	229,063	181,878	193,635	193,635	191,322	200,898	207,817
Executive and council		42,820	66,781	77,439	70,383	69,587	69,587	70,742	77,266	83,215
Finance and administration		75,704	124,869	151,624	111,495	124,049	124,049	120,579	123,632	124,603
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		72,022	116,289	78,008	106,531	108,917	108,917	110,405	117,133	123,216
Community and social services		7,362	7,260	9,431	12,869	13,093	13,093	5,274	5,709	6,099
Sport and recreation		28,538	15,785	28,019	41,430	42,615	42,615	44,459	48,229	51,191
Public safety		32,876	90,225	37,448	47,760	48,754	48,754	56,382	58,611	61,039
Housing		3,246	3,019	3,110	4,471	4,454	4,454	4,290	4,584	4,887
<i>Economic and environmental services</i>		34,446	40,429	38,318	68,754	68,431	68,431	70,428	74,064	77,740
Planning and development		4,710	7,344	7,504	9,215	9,533	9,533	7,746	8,024	8,601
Road transport		29,736	33,085	30,814	59,539	58,898	58,898	62,682	66,039	69,139
<i>Trading services</i>		461,129	466,568	536,861	641,673	631,754	631,754	740,533	809,576	879,499
Energy sources		200,041	212,562	243,981	274,969	277,346	277,346	317,249	352,596	390,773
Water management		185,643	183,969	211,434	258,442	248,394	248,394	308,656	333,575	355,759
Waste water management		42,392	40,971	37,002	50,917	51,301	51,301	52,278	56,790	61,338
Waste management		33,053	29,066	44,443	57,345	54,713	54,713	62,350	66,615	71,629
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	686,121	814,936	882,250	998,836	1,002,737	1,002,737	1,112,688	1,201,670	1,288,273
Surplus/(Deficit) for the year		47,094	152,322	37,423	48,562	60,687	60,687	48,735	21,355	12,627

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 before capital grants.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Electricity.
4. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
5. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Financial Services.

Table 19MBRRTTableA3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

FS204 Metsimaholo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Council/Mayor, Speaker and Councillors		–	–	–	–	–	–	–	–	–
Vote 2 - Municipal Manager		7 408	2 672	7 042	3 731	7 706	7 706	2 884	3 010	600
Vote 3 - Organisational Development & Corporate Services		362	970	1 269	1 678	1 678	1 678	1 764	1 855	1 864
Vote 4 - Social Services		54 422	74 408	62 716	67 882	68 182	68 182	90 364	98 250	94 922
Vote 5 - Infrastructure Services		512 423	611 291	648 420	812 442	804 643	804 643	838 849	866 206	927 266
Vote 6 - Financial Services		193 455	194 444	221 045	194 789	214 438	214 438	234 928	261 103	284 019
Vote 7 - Local Economic Development		4 731	138 776	13 033	6 946	6 946	6 946	7 691	8 545	9 096
Total Revenue by Vote	2	772 802	1 022 561	953 525	1 087 469	1 103 593	1 103 593	1 176 479	1 238 968	1 317 768
Expenditure by Vote to be appropriated	1									
Vote 1 - Council/Mayor, Speaker and Councillors		30 354	33 535	37 861	38 464	41 314	41 314	45 814	48 503	51 368
Vote 2 - Municipal Manager		14 557	78 643	34 203	52 727	51 324	51 324	47 954	51 243	54 094
Vote 3 - Organisational Development & Corporate Services		11 637	14 683	21 762	29 489	30 008	30 008	23 120	23 516	23 887
Vote 4 - Social Services		103 502	93 467	120 974	139 737	139 475	139 475	146 332	157 346	167 618
Vote 5 - Infrastructure Services		515 874	565 523	625 698	703 669	696 441	696 441	776 848	847 543	917 538
Vote 6 - Financial Services		34 343	62 247	57 424	50 749	60 198	60 198	63 200	63 373	62 860
Vote 7 - Local Economic Development		15 439	22 141	18 180	24 072	24 046	24 046	24 477	26 089	27 776
Total Expenditure by Vote	2	725 707	870 238	916 102	1 038 906	1 042 806	1 042 806	1 127 744	1 217 614	1 305 141
Surplus/(Deficit) for the year	2	47 094	152 322	37 423	48 562	60 787	60 787	48 735	21 355	12 627

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote

The following table is an analysis of the surplus or deficit for the electricity and water trading services as well as sanitation and waste removal as economic services.

Table 20 Surplus/(Deficit) calculations for the trading services

Description	2013/2014	2014/2015	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
R Thousand	Audit outcome	Audit outcome	Audit outcome	Original Budget	Adjusted Budget	Full Year Forecast	MTREF	MTREF	MTREF
Electricity									
Total Revenue	257 536	238 378	286 616	346 857	347 378	347 378	315 085	328 434	349 308
Total Expenditure									
Surplus/(Deficit) for the year	225 154	242 764	276 635	304 559	306 963	306 963	323 365	359 056	397 591
Percentage Surplus	32 382	(4 386)	9 981	42 298	40 415	40 415	(8 280)	(30 622)	(48 283)
	12,57	(1,84)	3,48	12,19	11,63	11,63	(2,63)	(9,32)	(3,82)
Water									
Total Revenue	230 279	302 549	293 373	390 284	371 984	371 984	449 977	475 855	502 342
Total Expenditure									
Surplus/(Deficit) for the year	196 538	228 721	257 997	267 913	257 864	257 864	317 451	342 889	365 613
Percentage Surplus	33 741	73 828	35 376	122 371	114 120	114 120	132 526	132 966	136 729
	14,65	24,40	12,06	31,35	30,68	30,68	29,45	27,94	27,22
Sanitation									
Total Revenue	36 230	35 659	54 354	34 958	20 194	20 194	59 651	61 911	75 611
Total Expenditure									
Surplus/(Deficit) for the year	48 163	50 702	43 141	51 099	26 174	26 174	52 307	56 821	61 371
Percentage Surplus	(11 933)	(15 043)	11 213	(16 141)	(5 980)	(5 980)	7 344	5 090	14 240
	(32,94)	(42,19)	20,63	(6,17)	(29,61)	(29,61)	12,31	8,22	18,83

Waste Removal									
Total Revenue	44 509	47 702	38 488	50 687	50 987	50 987	54 427	61 348	71 713
Total Expenditure	45 837	40 841	48 609	58 172	55 539	55 539	62 528	66 803	71 828
Surplus/(Deficit) for the year	(1 328)	6 861	(10 121)	(7 485)	(4 552)	(4 552)	(8 101)	(5 455)	(115)
Percentage Surplus	(2,98)	14,38	(26,30)	(14,77)	(8,93)	(-8,93)	(14,88)	(8,89)	(0,16)

1. Electricity trading **deficit** increase over the 2017/18 MTREF from a deficit of 2.6per cent or R8.2million in 2017/178 to a deficit of 13.8 per cent by 2019/20. The capital grants that are reflected as revenue are stable over the delayed medium term.
2. Water surplus on the water account remains relatively constant over the MTREF translating into a surplus of 29.5 per cent, 27.9 per cent and 27.2 per cent for each of the respective financial years and is as a result of the implementation of the inclining tariff.
3. Sanitation is reflecting a surplus over the 2016/17 MTREF from a surplus of 12.3 per cent or R7.3 million in 2017/18 to a surplus of 18.8 per cent by 2019/20. The capital grants that are reflected as revenue increased in the last period.
4. Waste Removal **deficit** decrease over the 2017/18 MTREF from a deficit of 14.88 per cent or R8.1 m in 2017/18 to a deficit of 0.2 per cent by 2019/20. The capital grants that are reflected as revenue increased in the last period to R11 million.
5. Tariff modelling is in progress and will assess whether tariffs are cost effective for all the trading services. The process will be finalised in the 2016/17 financial year.

Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

FS204 Metsimaholo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	95,290	111,299	114,445	113,366	121,196	121,196	–	129,932	138,054	146,534
Service charges - electricity revenue	2	179,303	195,341	208,626	284,053	287,553	287,553	–	276,688	293,012	310,007
Service charges - water revenue	2	175,524	249,416	258,842	349,547	322,947	322,947	–	411,895	436,458	461,592
Service charges - sanitation revenue	2	16,150	18,087	19,714	21,545	25,545	25,545	–	20,773	22,005	23,288
Service charges - refuse revenue	2	17,390	23,796	25,955	27,807	35,807	35,807	–	28,977	30,880	32,770
Service charges - other		11,487	1,071	8,367	13,429	–	–	–	–	–	–
Rental of facilities and equipment		4,858	4,600	4,642	5,780	5,780	5,780	–	5,582	5,902	6,415
Interest earned - external investments		1,694	2,167	2,702	2,600	1,400	1,400	–	1,200	1,200	1,200
Interest earned - outstanding debtors		17,139	14,576	16,449	18,940	22,040	22,040	–	28,295	28,295	28,295
Dividends received		78	88	96	–	–	–	–	–	–	–
Fines, penalties and forfeits		15,855	22,876	18,507	3,025	3,025	3,025	–	18,162	18,333	18,533
Licences and permits		146	149	159	191	191	191	–	201	212	224
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		104,642	112,034	219,623	131,694	133,173	133,173	–	147,693	167,947	183,482
Other revenue	2	2,947	18,661	6,228	7,329	22,799	22,799	–	21,910	22,733	22,341
Gains on disposal of PPE		7,589	2,314	12,601	1,001	1,001	1,001	–	2,001	2,501	2,675
Total Revenue (excluding capital transfers and contributions)		650,090	776,474	916,955	980,307	982,457	982,457	–	1,093,310	1,167,532	1,237,354
Expenditure By Type											
Employee related costs	2	188,398	175,080	225,578	249,435	254,118	254,118	–	269,112	291,005	312,543
Remuneration of councillors		13,173	14,410	15,247	16,343	16,343	16,343	–	17,213	18,401	19,451
Debt impairment	3	84,993	114,846	127,716	84,441	94,441	94,441	–	120,751	127,244	125,687
Depreciation & asset impairment	2	32,238	38,692	42,930	73,535	73,535	73,535	–	78,265	83,266	88,759
Finance charges		2,282	4,602	991	2,241	2,836	2,836	–	6,019	5,313	4,547
Bulk purchases	2	255,573	279,220	317,737	371,654	361,634	361,634	–	411,479	460,360	515,198
Other materials	8	15,227	25,693	18,942	38,199	39,497	39,497	–	45,369	47,875	50,141
Contracted services		23,972	83,216	30,976	36,532	38,022	38,022	–	38,299	38,337	38,810
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	61,918	73,660	107,970	126,455	122,308	122,308	–	126,181	129,869	133,137
Loss on disposal of PPE		8,347	5,516	2,023	–	–	–	–	–	–	–
Total Expenditure		686,120	814,936	890,110	998,836	1,002,736	1,002,736	–	1,112,688	1,201,670	1,288,273
Surplus/(Deficit)		(36,030)	(38,462)	26,845	(18,530)	(20,279)	(20,279)	–	(19,379)	(34,137)	(50,918)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		83,124	190,784	10,578	67,092	81,067	81,067	–	68,114	55,492	63,545
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-											

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kind - all)											
Surplus/(Deficit) after capital transfers & contributions		47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Taxation											
Surplus/(Deficit) after taxation		47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue

Total revenue is R1.161 billion in 2017/18 and escalates to R1.3 billion by 2019/20. This represents a year-on-year increase of 5 per cent for the 2018/19 financial year and 6.4 per cent for the 2019/20 financial year.

2. Property Rates

Revenue to be generated from property rates is R129.9 million in the 2017/18 financial year and increases to R146.5 million by 2019/20 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6.4 per cent, 5.7 per cent and 5.9 per cent for each of the respective financial years of the MTREF.

3. Service charges

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R738.3 million for the 2016/17 financial year and increasing to R827.5 million by 2019/20. For the 2017/18 financial year services charges amount to 63.6 per cent of the total revenue base and increase over the medium-term to 64 per cent and 63.6 per cent.

4. Transfers –operational revenue

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 10.9 per cent and 13.7 per cent and 9.4 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

5. Budget surplus and Capital transfers

The budget reflects a deficit before transfer of capital grants of R19.3 million, R34.1 million and R50.9 million for the years related to MTREF. Capital transfers are done in terms of GRAP and Circular 42. After accounting for capital transfers the budget reflects a surplus of R48.7m, R21.3m and R12.6m respectively.

6. The following graph illustrates the major expenditure items per type.

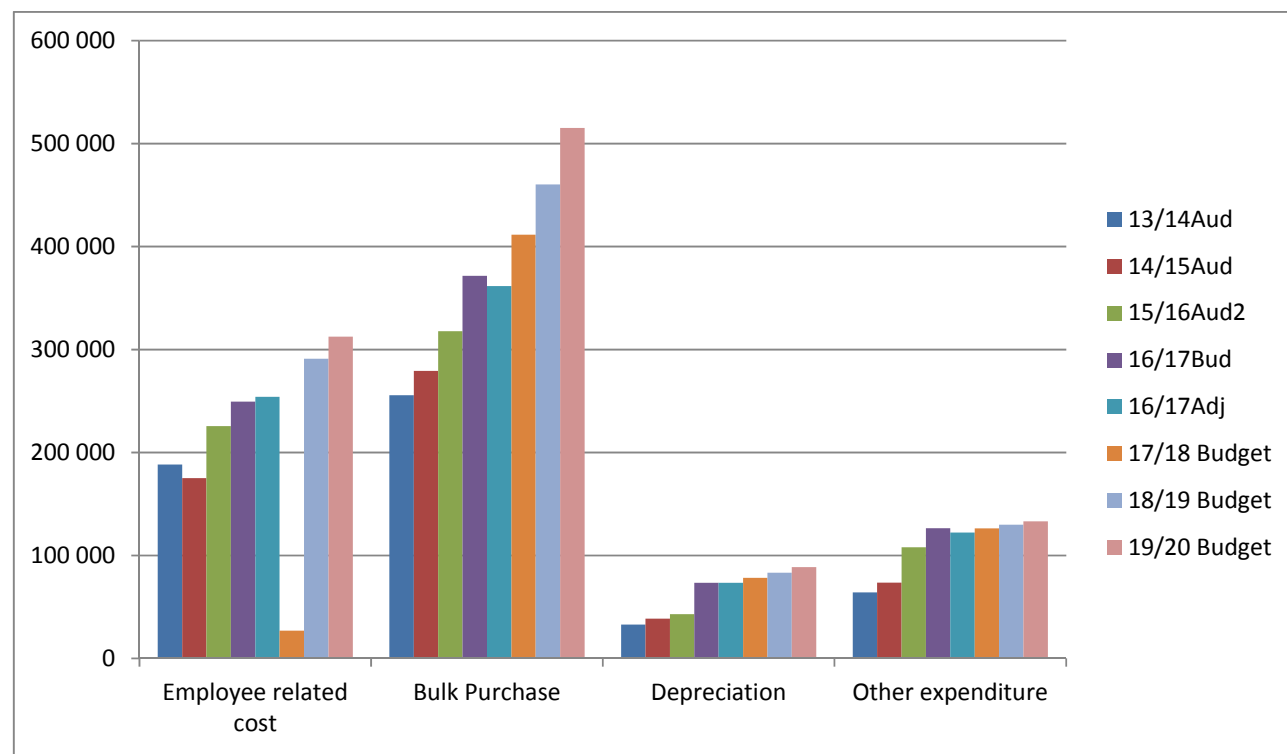


Figure 3 Expenditure by major type

7. Bulk purchases have significantly increased over the 2013/14 to 2019/20 period escalating from R255.6million to R515.2 million.

These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.

8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

FS204 Metsimaholo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote	2										
Multi-year expenditure, to be appropriated											
Vote 1 - Council/Mayor, Speaker and Councillors		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	737	702	5 683	8 950	8 950	-	5 840	2 779	2 773
Vote 3 - Organisational Development & Corporate Services		507	28	4 040	1 250	1 250	1 250	-	5 025	2 250	1 230
Vote 4 - Social Services		3 733	3 657	14 080	12 053	15 381	15 381	-	53 637	60 362	24 486
Vote 5 - Infrastructure Services		66 697	47 604	97 798	91 345	97 493	97 493	-	87 217	87 422	76 886
Vote 6 - Financial Services		9 859	-	-	665	465	465	-	-	-	-
Vote 7 - Local Economic Development		-	135 779	-	2 250	2 250	2 250	-	-	-	-
Capital multi-year expenditure sub-total	7	80 795	187 804	116 620	113 245	125 790	125 790	-	151 719	152 813	105 375
Single-year expenditure, to be appropriated	2										
Vote 1 - Council/Mayor, Speaker and Councillors		152	463	-	-	650	650	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Organisational Development & Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Financial Services		-	-	-	-	-	-	-	1 950	-	-
Vote 7 - Local Economic Development		-	-	-	-	-	-	-	1 750	-	-
Capital single-year expenditure sub-total		152	463	-	-	650	650	-	3 700	-	-
Total Capital Expenditure - Vote		80 947	188 267	116 620	113 245	126 440	126 440	-	155 419	152 813	105 375
Capital Expenditure - Functional											
Governance and administration		10 518	137 006	4 742	12 518	13 885	13 885	-	13 970	5 604	3 853
Executive and council		152	470	195	1 650	2 493	2 493	-	5 025	2 250	1 230
Finance and administration		9 859		507	665	465	465	-	1 950	-	-
Internal audit		507	136 536	4 040	10 203	10 927	10 927	-	6 996	3 354	2 623
Community and public safety		3 733	46	14 081	10 478	11 718	11 718	-	52 828	55 822	9 970
Community and social services		2 338		2 612	990	491	491	-	1 683	6 948	294
Sport and recreation		1 306	46	8 918	8 613	4 785	4 785	-	47 583	40 031	2 479
Public safety		89		2 551	875	6 442	6 442	-	3 562	8 844	7 197
Housing				-	-	-	-	-	-	-	-
Health								-	-	-	-

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<i>Economic and environmental services</i>		1 408	2 461	22 797	53 713	49 517	49 517	-	24 530	26 050	16 200
Planning and development									1 000	-	-
Road transport		1 408	2 461	22 797	53 713	49 517	49 517		23 530	26 050	16 200
Environmental protection											
<i>Trading services</i>		65 288	48 753	75 000	36 537	49 070	49 070	-	64 091	65 337	75 352
Energy sources		23 873	7 126	44 600	30 263	24 263	24 263		27 589	28 080	17 050
Water management		6 873	5 254	3 380	2 503	2 503	2 503		4 381	2 588	2 608
Waste water management		34 542	32 763	24 548	2 196	18 641	18 641		30 691	29 729	40 828
Waste management			3 610	2 473	1 575	3 663	3 663		1 430	4 940	14 866
<i>Other</i>						2 250	2 250		-	-	-
Total Capital Expenditure - Functional	3	80 947	188 267	116 620	113 245	126 440	126 440	-	155 419	152 813	105 375
Funded by:											
National Government		67 809	184 086	84 689	67 092	68 592	68 592		98 114	55 492	63 545
Provincial Government											
Other transfers and grants		89								30 000	-
Transfers recognised - capital	4	67 898	184 086	84 689	67 092	68 592	68 592	-	98 114	85 492	63 545
Public contributions & donations	5					12 474	12 474			1 000	1 000
Borrowing	6			10 379	1 000	11 085	11 085		2 680	780	1 080
Internally generated funds		13 049	4 181	21 551	45 154	34 289	34 289		54 625	65 541	39 750
Total Capital Funding	7	80 947	188 267	116 620	113 245	126 440	126 440	-	155 419	152 813	105 375

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at 3.7 million for the 2017/18 financial year and flattens out over the MTREF at levels of zero respectively for the two outer years.
4. Multi-year capital expenditure has been appropriated at R151.7 million for the 2017/18 financial year and flattens out over the MTREF at levels of R152.8 million and R105.4million respectively for the two outer years.
5. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
6. The capital programs are funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. For 2017/18, capital transfers (grants) totals R98.1million (63 per cent) and decreases to R55.5 million by 2018/19 (36 per cent). Internally generated funding totalling R54.6 million, R65.5 million and R39.7 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in paragraph 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position

FS204 Metsimaholo - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		9 303	14 863	1 229	9 001	464	464		2 189	297	22 760
Call investment deposits	1	16 826	11 332	13 116	10 000	–	–	–	5 000	–	3 000
Consumer debtors	1	87 581	144 480	185 926	252 940	327 237	327 237	–	357 692	360 156	351 820
Other debtors		49 414	44 183	26 199	40 000	37 302	37 302		33 000	35 000	36 000
Current portion of long-term receivables		12 929	5 886	4 951					2 900	3 000	3 300
Inventory	2	16 067	8 391	15 318	8 000	15 319	15 319		16 000	14 000	14 000
Total current assets		192 120	229 135	246 740	319 941	380 322	380 322	–	416 781	412 453	430 880
Non-current assets											
Long-term receivables											
Investments											
Investment property		86 441	86 415	86 389	86 415	84 351	84 351		84 351	84 351	84 351
Investment in Associate											
Property, plant and equipment	3	930 533	1 078 115	1 148 019	1 201 717	1 202 962	1 202 962	–	1 280 116	1 349 664	1 366 280
Intangible		480	445	318	445	317	317		317	317	317
Other non-current assets		561	–								
Total non-current assets		1 018 015	1 164 976	1 234 726	1 288 577	1 287 630	1 287 630	–	1 364 784	1 434 332	1 450 948
TOTAL ASSETS		1 210 135	1 394 110	1 481 466	1 608 518	1 667 952	1 667 952	–	1 781 565	1 846 785	1 881 828
LIABILITIES											
Current liabilities											
Bank overdraft	-										
Borrowing	4	1 941	2 363	4 526	4 941	3 671	3 671	–	6 893	7 599	8 046
Consumer deposits		13 800	16 245	18 027	18 100	18 348	18 348		19 000	19 200	19 500
Trade and other payables	4	173 637	189 374	226 423	154 000	206 000	206 000	–	200 400	214 000	213 000
Provisions											
Total current liabilities		189 378	207 982	248 976	177 041	228 019	228 019	–	226 293	240 799	240 546
Non-current liabilities											
Borrowing		6 947	5 784	12 371	13 718	18 564	18 564	–	16 857	9 063	1 651
Provisions		80 267	86 421	88 773	105 466	98 484	98 484	–	107 902	117 969	128 720
Total non-current liabilities		87 214	92 205	101 144	119 184	117 048	117 048	–	124 759	127 032	130 371
TOTAL LIABILITIES		276 592	300 187	350 120	296 225	345 067	345 067	–	351 052	367 831	370 917
NET ASSETS	5	933 543	1 093 924	1 131 347	1 312 294	1 322 885	1 322 885	–	1 430 513	1 478 954	1 510 911
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		933 543	1 093 924	1 131 347	1 312 294	1 322 885	1 322 885		1 430 513	1 478 954	1 510 911
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	933 543	1 093 924	1 131 347	1 312 294	1 322 885	1 322 885	–	1 430 513	1 478 954	1 510 911

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Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 52 is supported by an extensive table of notes (SA3 which can be found on page 186) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24MBRRTable A7 - Budgeted Cash Flow Statement

FS204 Metsimaholo - Table A7 Budgeted
Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		84 237	87 779	93 845	98 629	101 041	101 041		110 442	117 346	126 019
Service charges		329 469	382 851	435 100	623 231	557 139	557 139		651 228	690 042	736 510
Other revenue		33 573	11 472	17 421	15 429	37 835	37 835		25 615	29 219	29 680
Government - operating	1	188 399	176 779	122 911	131 694	133 173	133 173		147 693	167 947	183 482
Government - capital	1			79 983	59 592	68 592	68 592		98 114	86 492	64 545
Interest		10 210	12 968	15 861	19 078	7 930	7 930		25 251	25 817	26 383
Dividends		78	88	96	-	-	-		-	-	-
Payments											
Suppliers and employees		(546 050)	(622 580)	(688 737)	(819 709)	(812 553)	(812 553)		(887 969)	(961 310)	(1 047 427)
Finance charges		(2 282)	(4 602)	(991)	(2 541)	(2 836)	(2 836)		(6 019)	(5 313)	(4 547)
Transfers and Grants	1			-	-	-	-		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		97 635	44 755	75 488	125 402	90 320	90 320	-	164 356	150 239	114 645
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			475	1 426	1 001	1 001	1 001		2 001	2 501	2 675
Decrease (Increase) in non-current debtors			8 394	657	-	-	-		-	-	-
Decrease (increase) other non-current receivables		3 807		-	-	-	-		-	-	-
Decrease (increase) in non-current investments				-	-	-	-		-	-	-
Payments											
Capital assets		(70 997)	(52 488)	(99 267)	(105 745)	(113 964)	(113 964)		(155 419)	(152 813)	(105 375)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(67 190)	(43 619)	(97 185)	(104 744)	(112 963)	(112 963)	-	(153 418)	(150 312)	(102 700)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-		-	-	-
Borrowing long term/refinancing				9 230	1 000	11 085	11 085		2 680	780	1 080
Increase (decrease) in consumer deposits				1 781	1 100	1 348	1 348		-	-	-
Payments											
Repayment of borrowing		(13 500)	(1 070)	(1 163)	(4 489)	(3 671)	(3 671)		(6 893)	(7 599)	(8 046)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(13 500)	(1 070)	9 848	(2 389)	8 762	8 762	-	(4 213)	(6 819)	(6 966)
NET INCREASE/ (DECREASE) IN CASH HELD		16 945	66	(11 849)	18 269	(13 881)	(13 881)	-	6 724	(6 892)	4 979
Cash/cash equivalents at the year begin:	2	9 184	26 129	26 195		14 345	14 345		465	7 189	297
Cash/cash equivalents at the year end:	2	26 129	26 195	14 345	18 269	465	465	-	7 189	297	5 276

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Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

FS204 Metsimaholo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	26 129	26 195	14 345	18 269	465	465	–	7 189	297	5 276
Other current investments > 90 days		0	(0)	0	732	(1)	(1)	–	(0)	0	20 484
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		26 129	26 195	14 345	19 001	464	464	–	7 189	297	25 760
Application of cash and investments											
Unspent conditional transfers		3 504	1 327	833	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	54 136	44 781	44 719	(105 596)	(109 598)	(109 598)	–	(131 380)	(124 956)	(124 540)
Other provisions		80 267	89 519	88 773	105 466	98 484	98 484		107 902	117 967	128 720
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		137 907	135 626	134 325	(130)	(11 114)	(11 114)	–	(23 478)	(6 989)	4 180
Surplus(shortfall)		(111 778)	(109 431)	(119 979)	19 131	11 578	11 578	–	30 667	7 286	21 580

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. As part of the 2016/17 mid-year review and Adjustments Budget the cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
4. In addition the Municipality will undertake an extensive debt collection drive.
5. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals a project favourable R7 million as at the end of the 2017/18 financial year and decrease to a favourable cash and cash equivalents of R25 million by 2019/20.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2013/14 to 2015/2016 the surplus (cash and cash equivalent) decrease from R26.1 million to R14.3 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was funded owing to the significant surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA. The budget is funded all three financial years.
8. As can be seen the budget has been modelled to progressively decrease from a surplus of R30million in 2017/18 to a surplus of R7 million by 2018/19 and R21million in 2019/20.
9. Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

Table 26 MBRTable A9 - Asset ManagementFS204 Metsimaholo - Table
A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	80,947	188,267	118,411	95,820	95,825	94,036	101,476	133,266	85,349
<i>Roads Infrastructure</i>		1,408	2,461	22,518	32,818	30,060	30,060	15,830	14,050	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		23,873	7,037	42,660	25,600	19,374	19,374	18,779	24,650	16,400
<i>Water Supply Infrastructure</i>		6,873	5,254	3,070	1,765	1,765	1,765	1,747	1,010	120
<i>Sanitation Infrastructure</i>		34,542	32,763	23,835	1,500	17,944	17,944	26,238	26,608	38,340
<i>Solid Waste Infrastructure</i>		-	133,827	404	10,200	252	3	1,000	4,730	11,866
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		66,696	181,342	92,487	71,883	69,395	69,146	63,593	71,048	66,726
Community Facilities		2,250	-	328	-	-	-	600	30,540	1,200
Sport and Recreation Facilities		1,093	-	5,907	7,674	3,998	3,998	13,268	7,965	279
Community Assets		3,343	-	6,235	7,674	3,998	3,998	13,868	38,505	1,479
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		9,484	-	-	2,020	-	-	5,350	8,440	960
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		9,484	-	-	2,020	-	-	5,350	8,440	960
Operational Buildings		554	-	5,460	50	1,580	40	360	700	50
Housing		-	-	-	-	-	-	-	-	-
Other Assets		554	-	5,460	50	1,580	40	360	700	50
Biological or Cultivated Assets		152	3,572	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	3,440	50	40	40	-	-	-
Intangible Assets		-	-	3,440	50	40	40	-	-	-
Computer Equipment		375	20	-	-	-	-	-	-	-
Furniture and Office Equipment		343	2,870	298	2,372	3,566	3,566	4,110	382	443
Machinery and Equipment		-	-	1,682	10,376	12,527	12,527	8,180	12,753	12,854
Transport Assets		-	463	8,808	1,395	4,720	4,720	6,015	1,438	2,837
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	1,704	17,476	15,140	15,140	22,863	19,108	19,826
<i>Roads Infrastructure</i>		-	-	-	12,000	10,000	10,000	6,000	12,000	15,000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	4,450	350	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	1,730	80	82
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	2,330	2,068	2,061
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-

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Information and Communication Infrastructure		-	-	-	-	-	-	4,500	792	846
Infrastructure		-	-	-	12,000	10,000	10,000	19,010	15,291	17,988
Community Facilities		-	-	-	200	-	-	1,300	1,050	200
Sport and Recreation		-	-	-	-	-	-	-	-	-
Facilities		-	-	-	430	300	300	-	-	-
Community Assets		-	-	-	630	300	300	1,300	1,050	200
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	3,630	3,630	3,630	20	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	3,630	3,630	3,630	20	-	-
Biological or Cultivated		-	-	-	-	-	-	-	-	-
Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office		-	-	-	-	-	-	-	-	-
Equipment		-	-	-	14	14	14	5	710	-
Machinery and Equipment		-	-	-	1,042	1,036	1,036	2,528	2,057	1,637
Transport Assets		-	-	1,704	160	160	160	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	31,080	440	200
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	1,080	440	200
Sport and Recreation		-	-	-	-	-	-	-	-	-
Facilities		-	-	-	-	-	-	30,000	-	-
Community Assets		-	-	-	-	-	-	31,080	440	200
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated		-	-	-	-	-	-	-	-	-
Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-

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Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
<i>Roads Infrastructure</i>		1,408	2,461	22,518	44,818	40,060	40,060	21,830	26,050	15,000
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		23,873	7,037	42,660	25,600	19,374	19,374	23,229	25,000	16,400
<i>Water Supply Infrastructure</i>		6,873	5,254	3,070	1,765	1,765	1,765	3,477	1,090	202
<i>Sanitation Infrastructure</i>		34,542	32,763	23,835	1,500	17,944	17,944	28,568	28,676	40,401
<i>Solid Waste Infrastructure</i>		-	133,827	404	10,200	252	3	1,000	4,730	11,866
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	4,500	792	846
Infrastructure		66,696	181,342	92,487	83,883	79,395	79,146	82,603	86,338	84,714
Community Facilities		2,250	-	328	200	-	-	2,980	32,030	1,600
Sport and Recreation Facilities		1,093	-	5,907	8,104	4,298	4,298	43,268	7,965	279
Community Assets		3,343	-	6,235	8,304	4,298	4,298	46,248	39,995	1,879
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		9,484	-	-	2,020	-	-	5,350	8,440	960
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		9,484	-	-	2,020	-	-	5,350	8,440	960
Operational Buildings		554	-	5,460	3,680	5,210	3,670	380	700	50
Housing		-	-	-	-	-	-	-	-	-
Other Assets		554	-	5,460	3,680	5,210	3,670	380	700	50
Biological or Cultivated Assets		152	3,572	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	3,440	50	40	40	-	-	-
Intangible Assets		-	-	3,440	50	40	40	-	-	-
Computer Equipment		375	20	-	-	-	-	-	-	-
Furniture and Office Equipment		343	2,870	298	2,386	3,580	3,580	4,115	1,092	443
Machinery and Equipment		-	-	1,682	11,418	13,563	13,563	10,708	14,810	14,492
Transport Assets		-	463	10,513	1,555	4,880	4,880	6,015	1,438	2,837
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		80,947	188,267	120,115	113,295	110,965	109,176	155,419	152,813	105,375
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Roads Infrastructure</i>		236,920	218,585	226,628	251,644	239,212	239,212	245,582	242,422	227,402
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		139,183	140,145	176,704	172,056	186,629	186,629	188,609	206,933	216,169
<i>Water Supply Infrastructure</i>		173,846	170,973	166,929	174,311	160,098	160,098	169,046	161,307	152,550
<i>Sanitation Infrastructure</i>		164,663	194,419	217,783	216,123	229,251	229,251	243,753	271,014	308,493
<i>Solid Waste Infrastructure</i>		3,710	3,708	3,059	14,417	12,395	12,395	12,418	9,451	12,040
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-

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Infrastructure		718,322	727,829	791,102	828,551	827,585	827,585	859,408	891,127	916,654
Community Facilities		3,343	–	2,595	8,090	1,507	1,507	12,070	37,005	23,334
Sport and Recreation										
Facilities										
Community Assets		3,343	–	2,595	8,090	1,507	1,507	12,070	37,005	23,334
Heritage Assets										
Revenue Generating										
Non-revenue Generating		86,441	86,415	86,389	86,415	84,351	84,351	84,351	84,351	84,351
Investment properties		86,441	86,415	86,389	86,415	84,351	84,351	84,351	84,351	84,351
Operational Buildings										
Housing		208,868	350,286	354,322	365,076	373,870	373,870	408,638	421,531	426,292
Other Assets		208,868	350,286	354,322	365,076	373,870	373,870	408,638	421,531	426,292
Biological or Cultivated										
Assets										
Servitudes										
Licences and Rights		480	445	318	445	317	317	317	317	317
Intangible Assets		480	445	318	445	317	317	317	317	317
Computer Equipment										
Furniture and Office										
Equipment										
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-										
biological Animals										
TOTAL ASSET REGISTER										
SUMMARY - PPE (WDV)	5	1,017,454	1,164,976	1,234,726	1,288,577	1,287,630	1,287,630	1,364,784	1,434,332	1,450,948
EXPENDITURE OTHER ITEMS										
<u>Depreciation</u>	7	32,238	38,692	30,577	62,342	32,716	32,716	67,413	72,177	77,325
<u>Repairs and Maintenance by</u>										
<u>Asset Class</u>	3	59,612	59,124	72,938	98,215	100,780	100,780	112,327	119,490	126,709
<i>Roads Infrastructure</i>		14,602	11,735	17,548	29,971	29,665	29,665	32,243	34,203	36,392
<i>Storm water Infrastructure</i>		–	–	–	2,777	2,777	2,777	–	–	–
<i>Electrical Infrastructure</i>		13,318	9,610	16,258	17,770	20,718	20,718	21,182	22,603	24,128
<i>Water Supply Infrastructure</i>		10,669	12,632	14,866	16,076	16,197	16,197	17,653	18,834	20,098
<i>Sanitation Infrastructure</i>		10,227	16,818	12,059	13,751	14,480	14,480	14,484	15,445	16,472
<i>Solid Waste Infrastructure</i>		4,948	3,363	6,517	8,701	8,306	8,306	9,610	10,254	10,533
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and</i>										
<i>Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure		53,764	54,158	67,248	89,046	92,143	92,143	95,172	101,339	107,623
Community Facilities		26	205	20	782	338	338	315	326	334
Sport and Recreation										
Facilities		168	39	–	–	–	–	–	–	–
Community Assets		194	244	20	782	338	338	315	326	334
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		2,628	2,212	4,294	814	1,323	1,323	4,565	4,864	5,315
Housing		–	–	–	–	–	–	292	307	329
Other Assets		2,628	2,212	4,294	814	1,323	1,323	4,857	5,171	5,644
Biological or Cultivated										
Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–

March 2017

Intangible Assets	-	-	-	-	-	-	-	-	-	-
Computer Equipment	536	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	82	234	699	1,729	1,354	1,354	6,216	6,230	6,239	
Machinery and Equipment	-	-	95	1,109	1,009	1,009	1,021	1,443	1,630	
Transport Assets	1,003	2,276	582	4,735	4,613	4,613	4,746	4,981	5,238	
Libraries	1,405	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE OTHER ITEMS	91,850	97,816	103,515	160,557	133,496	133,496	179,741	191,667	204,033	
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	<i>0.0%</i>	<i>0.0%</i>	<i>1.4%</i>	<i>15.4%</i>	<i>13.6%</i>	<i>13.9%</i>	<i>34.7%</i>	<i>12.8%</i>	<i>19.0%</i>	
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	<i>0.0%</i>	<i>0.0%</i>	<i>5.6%</i>	<i>28.0%</i>	<i>46.3%</i>	<i>46.3%</i>	<i>80.0%</i>	<i>27.1%</i>	<i>25.9%</i>	
<i>R&M as a % of PPE</i>	<i>6.4%</i>	<i>5.5%</i>	<i>6.4%</i>	<i>8.2%</i>	<i>8.4%</i>	<i>8.4%</i>	<i>8.8%</i>	<i>8.9%</i>	<i>9.3%</i>	
<i>Renewal and upgrading and R&M as a % of PPE</i>	<i>6.0%</i>	<i>5.0%</i>	<i>6.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>12.0%</i>	<i>10.0%</i>	<i>10.0%</i>	

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The requirements on repair and maintenance are met when the employee related cost is added to materials, 2017/18 8.8 per cent, 2018/19 8.9 per cent and 2019/20 9.3 per cent.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

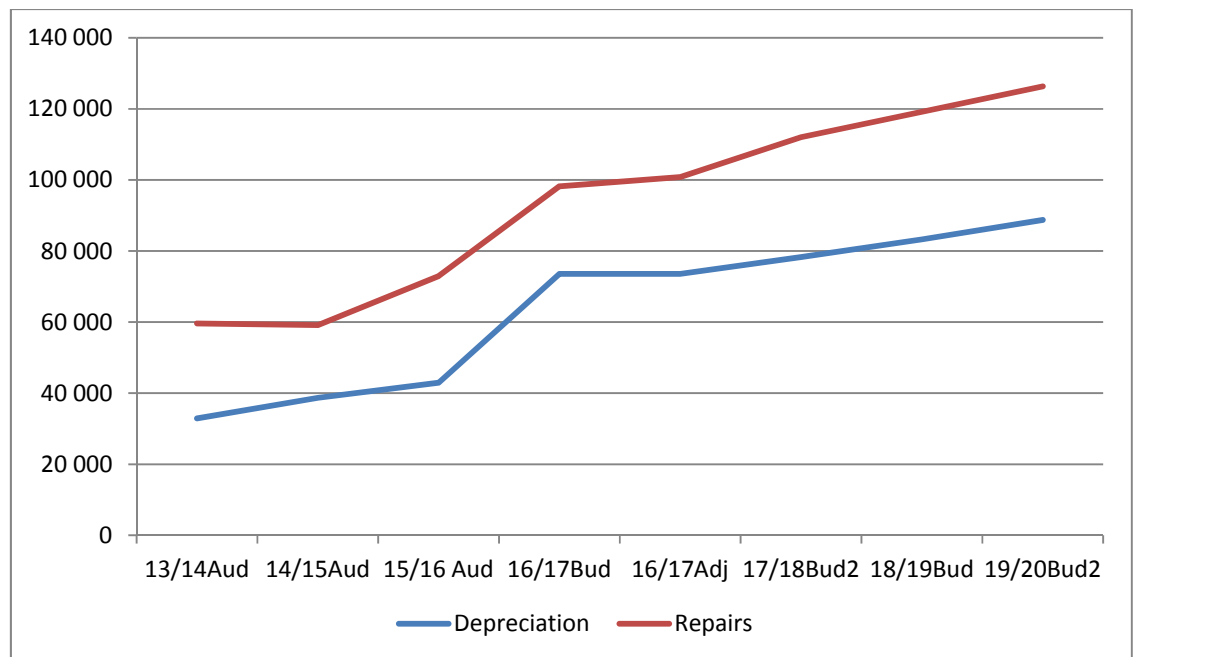


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

FS204 Metsimaholo - Table A10

Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		25,000	27,000	27,000	37,096	37,096	37,096	13,945	13,945	15,945
Piped water inside yard (but not in dwelling)		2,000	27,000	–	–	–	–	30,955	30,955	34,433
Using public tap (at least min.service level)	2	–	–	–	–	–	–	2,500	2,500	2,000
Other water supply (at least min.service level)	4	–	–	–	–	–	–	10	10	10
<i>Minimum Service Level and Above sub-total</i>		27,000	54,000	27,000	37,096	37,096	37,096	47,410	47,410	52,388
Using public tap (< min.service level)	3	3,424	887	7,670	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		3,424	887	7,670	–	–	–	–	–	–
Total number of households	5	30,424	54,887	34,670	37,096	37,096	37,096	47,410	47,410	52,388
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		19,000	19,000	19,000	33,368	33,368	33,368	33,591	33,591	37,591
Flush toilet (with septic tank)		1,000	1,000	1,000	3,617	3,617	3,617	1,200	1,200	1,500
Chemical toilet		6,000	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	1,200	1,200	1,500
Other toilet provisions (> min.service level)		–	–	–	–	–	–	9,387	9,387	10,287
<i>Minimum Service Level and Above sub-total</i>		26,000	20,000	20,000	36,985	36,985	36,985	45,378	45,378	50,878
Bucket toilet		2,383	2,025	1,657	–	–	–	2,000	2,000	1,500
Other toilet provisions (< min.service level)		9,769	6,512	12,645	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		12,152	8,537	14,302	–	–	–	2,000	2,000	1,500
Total number of households	5	38,152	28,537	34,302	36,985	36,985	36,985	47,378	47,378	52,378
<u>Energy:</u>										
Electricity (at least min.service level)		7,000	7,000	1,500	51,893	–	–	51,893	51,893	52,593
Electricity - prepaid (min.service level)		34,500	34,850	35,000	38,133	38,133	38,133	–	–	–
<i>Minimum Service Level and Above sub-total</i>		41,500	41,850	36,500	90,026	38,133	38,133	51,893	51,893	52,593
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	41,500	41,850	36,500	90,026	38,133	38,133	51,893	51,893	52,593
<u>Refuse:</u>										
Removed at least once a week		49,000	52,000	52,000	53,000	53,000	53,000	54,000	55,000	56,000
<i>Minimum Service Level and Above sub-total</i>		49,000	52,000	52,000	53,000	53,000	53,000	54,000	55,000	56,000
Removed less frequently than once a week		10,000	10,000	10,000	–	–	–	–	–	–
Using communal refuse dump		49,000	52,000	52,000	53,000	53,000	53,000	52,000	52,000	52,000
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		10,000	10,000	10,000	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		69,000	72,000	72,000	53,000	53,000	53,000	52,000	52,000	52,000
Total number of households	5	118,000	124,000	124,000	106,000	106,000	106,000	106,000	107,000	108,000

Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		11,576	7,246	8,992	14,000	7,862	7,862	15,000	15,000	15,000
Sanitation (free minimum level service)		7,939	7,246	5,479	14,000	14,000	14,000	15,000	15,000	15,000
Electricity/other energy (50kwh per household per month)		11,576	7,246	8,992	14,000	14,000	14,000	15,000	15,000	15,000
Refuse (removed at least once a week)		11,576	7,246	7,242	14,000	14,000	14,000	15,000	15,000	15,000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		15,560	8,510	4,985	12,049	5,175	5,175	13,732	14,514	15,327
Sanitation (free sanitation service to indigent households)		6,464	4,945	4,438	10,689	4,788	4,788	11,518	12,174	12,856
Electricity/other energy (50kwh per indigent household per month)		4,859	3,926	4,306	10,808	7,308	7,308	12,343	13,072	13,830
Refuse (removed once a week for indigent households)		12,217	8,286	8,931	18,641	10,641	10,641	21,251	22,462	23,720
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		39,099	25,668	22,660	52,187	27,912	27,912	58,844	62,222	65,733
Highest level of free service provided per household										
Property rates (R value threshold)		35,000	35,000		35,000	35,000	35,000	35,000	35,000	35,000
Water (kilolitres per household per month)		10	10		6	6	6	6	6	6
Sanitation (kilolitres per household per month)						-	-			
Sanitation (Rand per household per month)		73	79		92	92	92	110	116	123
Electricity (kwh per household per month)		50	50		50	50	50	50	50	50
Refuse (average litres per week)		88	95		111	111	111	118	125	132
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		8,991	9,638		33,426	33,426	33,426	8,400	8,400	8,400
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		18,998	15,329	15,886	20,913	19,113	19,113	21,714	22,540	23,374
Water (in excess of 6 kilolitres per indigent household per month)		13,176	15,886	5,838	9,302	20,111	20,111	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		1,622	1,914	2,980	1,630	3,531	3,531	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		10,373	4,452	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6	10,007	5,691		8,400	5,400	5,400			
Total revenue cost of subsidised services provided		63,167	52,910	24,704	73,671	81,582	81,582	30,114	30,940	31,774

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – in process to contrasted a water reservoir.
 - b. Sanitation services – backlog will be partially reduced in 2017/18
 - c. Electricity services – the municipality is in process to build a new substation and the backlog will be reduced after the completion of the substation.
3. Refuse services – additional refuse removal trucks will assist in delivering more efficient and extended services
4. The budget provides for a total 15 000 households to be registered as indigent in 2017/18, and therefore entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
5. It is anticipated that Free Basic Services to indigent will cost the municipality R58.8 million in 2017/18 and it increases to R6.5.7 million in 2019/20. This is covered by the municipality's equitable share allocation from national government.
6. **The forgone income on Rates for valuation less than R35 000 that all households receives is R13.3 million.**

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 September 2016. Attached as Annexure B on page___ the time table for IDP and Budget process. Key dates applicable to the process were:

- **October and November 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January and February 2017** - Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations ;
- **January 2017** - Council considers the 2016/17 Mid-year Budget and Performance Review
- **February 2017** - Council considers the 2016/17 Adjustments Budget;
- **February 2017** –Multi-year budget proposals are submitted to the Portfolio Committee ;
- **March 2016** - Recommendations are communicated to the respective departments.
- **17 March 2017**- Recommendations are communicated to Informal Council Meeting, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;
- **31 March 2017** - Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- **April 2017** – Public consultation
- **12 May 2017** - Closing date for written comments;
- **1 to 15 May 2017**– finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework;
- **18 May 2017**- Informal Council meeting, and
- **31 May 2017** - Tabling of the 2017/18 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Council of the Metsimaholo Local Municipality (MLM) adopted a five-year Integrated Development Plan (IDP) covering the period 2012/13 to 2016/17 in June 2012. The new IDP for the next 5 years is not yet available. The draft IDP will be tabled together with the 2017/2018 MTREF.

The principal legislation in so far as the development of IDP is concerned is the Municipal Systems Act 32 of 2000. Section 25 of the Act mandates each municipal council to adopt a single, inclusive and strategic plan for the development of the municipality. As a strategic plan of the municipality, the IDP should therefore provide a clear road map for the municipality that would take it from the current situation to its desired state in five years. To this effect, the IDP must:

- Link, integrate and coordinate plans and take into account proposals for the development of the municipality.
- Align the resources and capacity of the municipality with the implementation for the plan.
- Form the policy framework and general basis on which annual budgets must be based.
- Be compatible with national and provincial development plans and planning requirements that are binding on the municipality in terms of legislation.

Integrated development planning and the product of this process, the IDP is a constitutional and legal process required of municipalities. Planning in general and the IDP in particular, is a critically important management tool to help transformation, growth and development at local government level. It is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development,

The contents of the first review have been aligned to the Revised IDP Framework for Municipalities outside Metros and Secondary Cities, issued by the Department of Cooperative Governance and Traditional Affairs (CoGTA) in June 2012. It further includes the data from Census 2011 and revised service delivery targets for 2015/16, where appropriate.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance

- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- Water and electricity losses be minimised
- Re-engineering of business
- Own Fleet

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 51, 58, 64, 66, 67, 70, 72,74 ,75, 78,79,85 and 86 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2017/18 MTREF as tabled before Council on 31 March 2017 for community consultation will be published on the municipality's website, and hard copies were made available at municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

The following table provides a clear illustration of the types of consultations, stakeholders involved, dates on which the various consultations took place and the respective venues.



P O Box 60

SASOLBURG

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DRAFT BUDGET and IDP: PUBLIC MEETINGS

Notice is hereby given in terms of Section 16 read with Section 17 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) and Section 22 and 23 of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) that the Metsimaholo Local Municipality invites members of the public and stakeholders to

March 2017

participate in the Public meetings as indicated below for the 2017/2018 Draft Budget and IDP.

The documents will be available for perusal and public comment from 4 April 2017 to 28 April 2017

And

Notice is hereby given in terms of Section 21 of the Municipal Systems Act, 32 of 2000 and Section 22(2) of the Municipal Finance Management Act, 56 of 2003 that the IDP for 2017–2018 has been tabled and be available from 4 April 2016 to 28 April 2017

Copies of the IDP documents and draft Budget are available for inspection on the municipality's web-site (www.metsimaholo.gov.za) and in all public libraries within Metsimaholo Local Municipality from 4 April 2017 to 28 April 2017. All comments and inputs on IDP as well as draft Budget and should be submitted in writing in the relevant comment boxes provided at the libraries or may be sent by e-mail to the following e-mail address sello.mokoena@metsimaholo.gov.za (IDP) or amanda.vorster@metsimaholo.gov.za.

Any person, who cannot write, may come during office hours to a place where a staff member of the municipality named in the invitation, will assist that person to transcribe that person's comments or representations.

Enquiries:

For IDP Comments must be made to Sello Mokoena (IDP Manager), (016) 973 8348

For Budget Comments must be made to Amanda Vorster (Budget Manager), 016 973 8377

Week 1	Ward	Date	Venue	Time
Zamdela	1 & 13	5 April 2017 (Wednesday)	Sakubutjha Secondary School	17h00
Sasolburg	15, 16, & 17	6 April 2017 (Thursday)	Council Foyer Civic Centre- Sasolburg	18h00

Vaal park	14 & 18	10 April 2017 (Monday)	Vaal park Primary School	18h00
Oranjeville	5	11 April 2017 (Tuesday)	Oranjeville Library	14h00
Week 2	Ward	Date	Venue	Time
Deneysville	5,20	12 April 2017 (Wednesday)	Deneysville Primary School	18h00
Metsimaholo Township	5	18 April 2017 (Tuesday)	Metsimaholo Hall	17h00
Refengkgotso	3,4 & 20	19 April 2017 (Wednesday)	Refengkgotso Community Hall	17h00
Zamdela	8,9&10,	20 April 2017 (Thursday)	Iketsetseng High School	17h00
Week 3	Ward	Date	Venue	Time
Zamdela	1,2, & 7	24 April 2017 (Monday)	Lehutso Primary School	17h00
Zamdela	6,13,19 & 21	25 April 2017 (Tuesday)	Harry Gwala Multi-Purpose Centre	17h00
Zamdela	11 & 12	2 May 2017 (Tuesday)	Zamdela Hall	17h00

S M Molala

MUNICIPAL MANAGER

April 2017

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this IDP compilation process was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- National Development Plan (Vision 2030);
- The New Growth Path (2010);
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans, legislation and policy;
- National Key Performance Indicators (NKPis);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.
- Batho Pele Principles

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

The municipality has through its strategic planning and public participation processes ensured that the Municipal Strategic Priorities were unpacked by developing key performance areas (KPAs), programmes, objectives, key performance indicators (KPIs) and targets for each of the KPAs and programmes.

The said objectives, indicators and targets have been aligned to the Provincial Priority Outputs, where possible and will form the basis for the development of the municipality's Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Plans of Senior Management for the 2017/18 financial year.

However the draft IDP is not yet finalised and will be tabled at the Council meeting of 31 March 2017.

The table below provides a summary of the strategic priorities, KPA and programmes, **as per 2016/2017 IDP**

Table 28: Municipal Strategic Priorities

Strategic Priority	Key Performance Area	Programmes
SP1: Build our local economy to create more employment, decent work and sustainable livelihoods	KPA2: Local Economic Development	P8-Local Economic Development P9-Job Creation P10-Sustainable livelihoods
SP2: Broaden access to and improve the quality of municipal services	KPA1: Service delivery and infrastructure development	P1-Water P2-Sanitation P3-Electricity P4-Roads and storm water

Strategic Priority	Key Performance Area	Programmes
		P11-Waste management P12-Community facilities
SP3: Build united, non-racial, integrated and safer communities	KPA3: Community development and social cohesion KPA1: Service delivery and infrastructure development	P13-Clean communities P14-Safe communities P15-Healthy communities P16-Arts and culture P17-Disaster management P5-Human settlements P6-Spatial development P7-Public transport
SP4: Promote active community participation	KPA4: Public participation and Good governance	P18-Participatory governance
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government	KPA4: Public participation and Good governance KPA5: Financial management and viability	P19-Corporate governance P20-Intergovernmental Relations P21-Customer care P22-Revenue and cash flow management P23-SCM and Expenditure management P24-Budgeting and reporting P25-Clean Audit P26-Asset management

Strategic Priority	Key Performance Area	Programmes
	KPA6: Institutional development and Transformation	P27-Facilities management P28-Human capital P29-Institutional excellence

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic priorities mentioned above.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The table below provides a summary of the strategic priorities, KPA and programmes, **as per 2016/2017 IDP**.

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Strategic Priority	Key Performance Area	Programmes
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SP2: Broaden access to and improve the quality of municipal services	KPA1: Service delivery and infrastructure development	P1-Water P2-Sanitation

Strategic Priority	Key Performance Area	Programmes
		P3-Electricity P4-Roads and storm water P11-Waste management P12-Community facilities
SP3: Build united, non-racial, integrated and safer communities	KPA3: Community development and social cohesion KPA1: Service delivery and infrastructure development	P13-Clean communities P14-Safe communities P15-Healthy communities P16-Arts and culture P17-Disaster management P5-Human settlements P6-Spatial development P7-Public transport
SP4: Promote active community participation	KPA4: Public participation and Good governance	P18-Participatory governance
SP5: Ensure more effective, accountable and clean local government that works together with national and provincial government	KPA4: Public participation and Good governance KPA5: Financial management and viability	P19-Corporate governance P20-Intergovernmental Relations P21-Customer care P22-Revenue and cash flow management P23-SCM and Expenditure management P24-Budgeting and reporting

Strategic Priority	Key Performance Area	Programmes
	KPA6: Institutional development and Transformation	P25-Clean Audit P26-Asset management P27-Facilities management P28-Human capital P29-Institutional excellence

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic priorities mentioned above.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP compilation process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure. ***The IDP strategic objectives related still to 2016/2017 IDP as the 2017/2018 IDP was not available.***

Table 29MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

FS204 Metsimaholo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Good governance and community participation	Corporate and democratic governance			–	–	–	–	–	–	–	–	–
Good governance and community participation	Institutional and capacity development			7,408	2,672	7,042	3,731	7,706	7,706	2,884	3,010	600
Financial viability and financial management	Financial liquidity and viability			132,889	195,368	199,019	136,446	156,098	156,098	234,928	252,661	257,597
Transformation and institutional development	Institutional and capacity development			362	970	1,269	1,678	1,678	1,678	1,764	1,855	1,864
Community development and social cohesion	Refuse removal			44,509	47,702	39,605	50,687	50,987	50,987	54,427	61,348	71,713
Community development and social cohesion	Safety and security			16,282	23,372	5,519	3,602	3,602	3,602	18,796	19,003	19,243
Community development and social cohesion	Sports, recreation and community facilities			4,120	1,190	11,013	29,172	29,170	29,170	1,857	4,221	13,211
Community development and social cohesion	Cemeteries			295	305	432	498	498	498	234	6,181	315
Community development and social cohesion	Education			661	1,839	2,182	2,202	2,202	2,202	–	–	–
Basic service delivery and infrastructure investment	Electricity provision			255,413	238,378	286,616	346,878	347,378	347,378	315,086	328,434	349,308
Basic service delivery and infrastructure investment	Road and storm water			36	–	14,076	40,318	40,318	40,318	14,130	–	–
Basic service delivery and infrastructure investment	Sanitation provision			36,230	29,162	54,354	34,958	44,958	44,958	59,651	61,911	75,611
Basic service delivery and infrastructure investment	Water provision			230,278	287,524	293,373	390,284	371,984	371,984	449,977	475,855	502,342
Basic service delivery and infrastructure investment	Housing			3,825	138,242	12,306	5,001	5,001	5,001	5,541	6,287	6,724
Basic service delivery and infrastructure investment	Land availability			404	534	727	745	745	745	785	825	847
Local economic development and poverty alleviation	Local economic development			502	–	–	1,200	1,200	1,200	1,365	1,433	1,526

March 2017

Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	733,214	967,258	927,533	1,047,399	1,063,524	1,063,524	1,161,424	1,223,024	1,300,900

Table 30MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

FS204 Metsimaholo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Good governance and community participation	Corporate and democratic governance			30,353	33,535	37,861	38,464	41,314	41,314	45,814	48,503	51,368
Good governance and community participation	Institutional and capacity development			26,448	78,643	34,203	52,727	51,324	51,324	47,954	51,243	54,094
Financial viability and financial management	Financial liquidity and viability			28,298	93,925	57,424	50,749	60,199	60,199	63,200	63,373	62,860
Transformation and institutional development	Institutional and capacity development			11,637	14,683	21,762	29,489	30,009	30,009	23,120	23,516	23,887
Community development and social cohesion	Refuse removal			45,837	40,841	48,609	58,172	55,539	55,539	62,528	66,803	71,828
Community development and social cohesion	Safety and security			20,894	20,569	24,003	27,252	28,223	28,223	33,702	36,206	38,069
Community development and social cohesion	Sports, recreation and community facilities			28,749	26,457	30,736	22,019	25,959	25,959	51,853	56,483	59,658
Community development and social cohesion	Cemeteries			1,649	372	626	1,940	1,860	1,860	2,020	2,230	2,413
Community development and social cohesion	Education			5,255	5,228	6,927	7,148	7,421	7,421	82	82	82
Basic service delivery and infrastructure investment	Electricity provision			225,155	244,597	279,981	308,255	311,003	311,003	328,054	364,120	403,014

Basic service delivery and infrastructure investment	Road and storm water		1	2,976	32,625	30,814	59,539	58,899	58,899	62,682	66,039	69,139
Basic service delivery and infrastructure investment	Sanitation provision			48,163	41,132	43,141	51,099	51,482	51,482	52,307	56,821	61,371
Basic service delivery and infrastructure investment	Water provision			196,538	162,159	257,997	267,913	257,864	257,864	317,451	342,889	365,613
Basic service delivery and infrastructure investment	Housing			9,569	14,185	9,551	13,614	11,178	11,178	11,723	12,332	13,026
Basic service delivery and infrastructure investment	Land availability			3,331	3,897	4,449	5,630	5,645	5,645	5,705	5,935	6,307
Local economic development and poverty alleviation	Local economic development			1,269	2,089	2,025	4,827	4,817	4,817	4,492	5,093	5,543
Allocations to other priorities												
Total Expenditure			1	686,121	814,937	890,111	998,837	1,002,736	1,002,736	1,112,688	1,201,670	1,288,272

Table 31MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

FS204 Metsimaholo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Capital Expenditure												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Good governance and community participation	Corporate and democratic governance	A		152	–	–	–	650	650	–	–	–
Good governance and community participation	Institutional and capacity development	B		3,000	737	259	5,683	8,851	8,851	5,840	2,779	2,773
Financial viability and financial management	Financial liquidity and viability	C		375	–	507	665	465	465	1,950	–	–
Transformation and institutional development	Institutional and capacity development	D		42	28	195	1,250	1,250	1,250	5,025	2,250	1,230

Community development and social cohesion	Refuse removal	E		–	3,610	2,473	1,575	3,663	3,663	1,480	9,540	18,066
Community development and social cohesion	Safety and security	F		–	–	2,551	875	6,442	6,442	2,791	3,834	3,647
Community development and social cohesion	Sports, recreation and community facilities	G		13,681	46	12,359	11,598	7,572	7,572	49,909	41,188	2,895
Community development and social cohesion	Cemeteries	H		–	–	2,595	632	332	332	1,623	6,476	78
Community development and social cohesion	Education	I		–	–	16	42	42	42	–	–	–
Basic service delivery and infrastructure investment	Electricity provision	J		23,874	7,126	44,600	30,263	24,263	24,263	27,589	28,080	17,050
Basic service delivery and infrastructure investment	Road and storm water	K		1,408	7,126	22,797	53,713	49,517	49,517	22,390	26,350	16,200
Basic service delivery and infrastructure investment	Sanitation provision	L		31,542	28,561	24,548	2,196	18,641	18,641	30,691	29,729	40,828
Basic service delivery and infrastructure investment	Water provision	M		6,873	5,254	3,380	2,503	2,503	2,503	4,381	2,588	2,608
Basic service delivery and infrastructure investment	Housing	N		–	–	341	–	–	–	–	–	–
Basic service delivery and infrastructure investment	Land availability	O		–	135,779	–	–	–	–	–	–	–
Local economic development and poverty alleviation	Local economic development	P		–	–	–	2,250	2,250	2,250	1,750	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	80,947	188,267	116,620	113,245	126,440	126,440	155,419	152,814	105,375

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance *(at this stage only for the municipal manager and managers reporting directly to the municipal manager)*.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

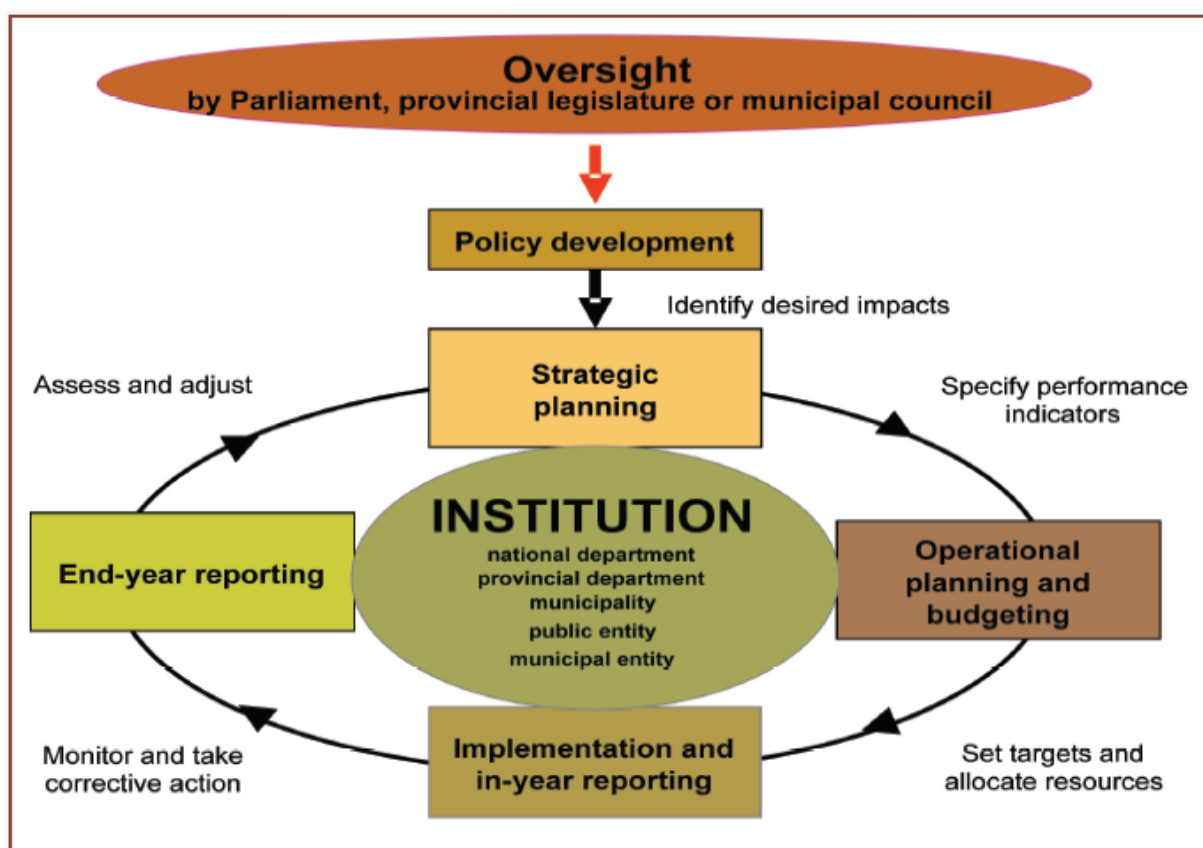


Figure 5 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The municipality therefore has adopted one integrated performance management system (framework) which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

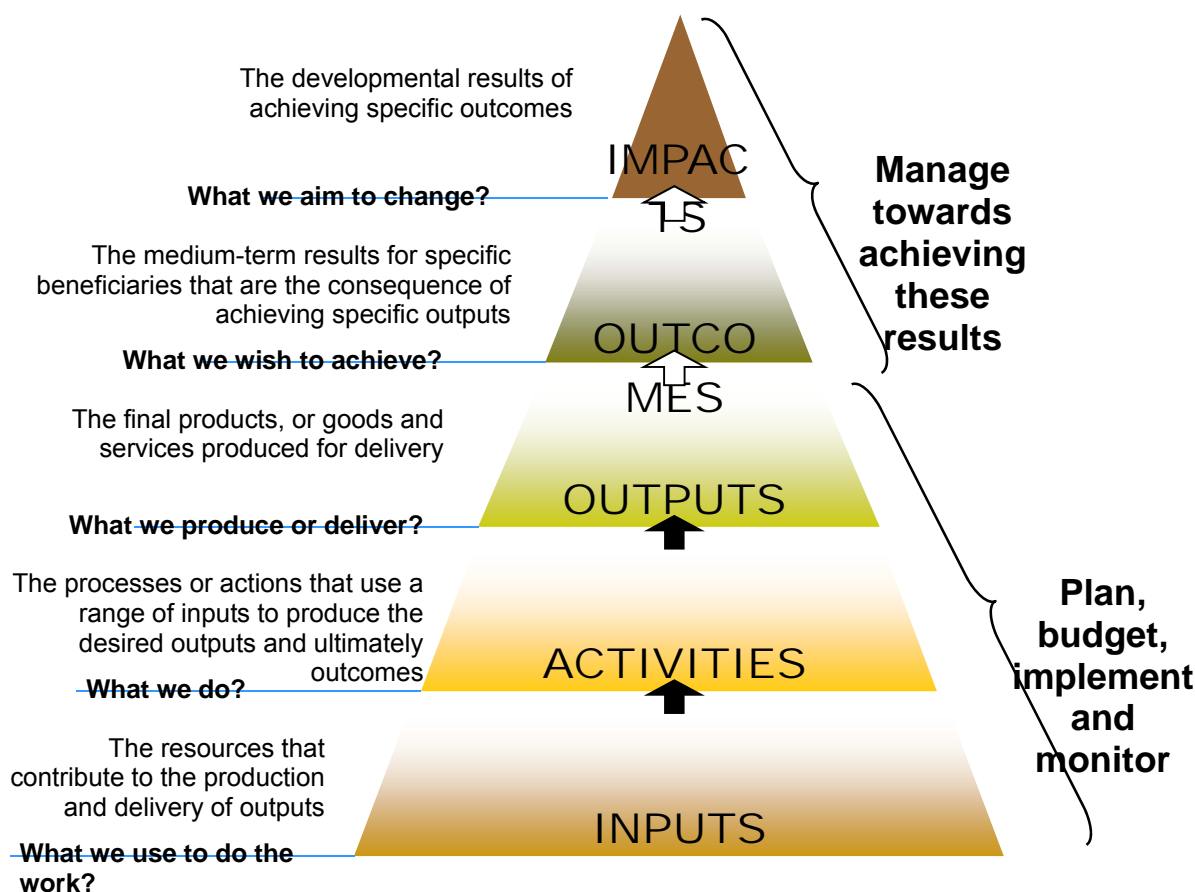


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve over the next five financial years

Table 32 MBRR Table SA7 - Measurable performance objectives

(Table be updated after IDP and MTREF be approved)

FS204 Metsimaholo - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Basic Service delivery and infrastructure	Bulk water supply baseline	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Technical Services										
Water provision										
Access to potable water										
Reservoir	Bulk water supply baseline	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water	Formal	94.0%	94.0%	94.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water household connections in yard	Informal	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water household communal standpipe	Compliance	10.0%	89.0%	89.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Water	Number	25.0%	96.0%	96.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Blue drop accreditationsystems	4400	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water leaks										
Technical Services										
Sanitation										
Sewer network address backlog	Number of new	93.0%	86.0%	86.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Water borne system(decent)										
Sanitation										
Maintenance										
Blockages	Maintenance plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Roads	% blockages attend in 24	93.0%	91.0%	91.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Roads and storm water	% roads maintenance plan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Basic service delivery and infrastructure										
Technical Services										
Roads										
Sufficient roads	Number of km roads	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Stormwater										
Sufficient storm water network										
Roads and stormwater										
Improving accessibility of roads	Developed masterplan	0.0%	100.0%	100.0%	20.0%	20.0%	20.0%	20.0%	100.0%	100.0%
Basic service delivery and infrastructure										
Technical Services										
Roads										

Technical Services										
Electricity										
Access to electricity to all communities	No. of new connections	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Electricity										
Access to electricity to all communities	Develop masterplan	95.0%	100.0%	100.0%	95.0%	95.0%	95.0%	100.0%	100.0%	100.0%
Electricity										
Reduce distribution losses	kwh units	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	10.0%	10.0%	10.0%
Basic Service delivery and infrastructure										
LED										
Housing										
Housing allocations	Nr beneficiaries	0.0%	100.0%	100.0%	50.0%	50.0%	50.0%	100.0%	100.0%	100.0%
Subsidy applications processed	2 months	0.0%	100.0%	100.0%						
Urban Planning										
Land availability	Land secured per SDF	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective land utilisation	% rezoning, subdivision		100.0%	100.0%				100.0%	100.0%	100.0%
LED and poverty alleviation										
Employment opportunities	EPWP initiatives		70.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employment opportunities	Other initiatives		100.0%	100.0%				100.0%	100.0%	100.0%
Social Services										
Refuse removal										
Refuse removal	Households	92.0%	95.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Waste management plan	Compliance	50.0%								
Refuse removal										
New landfill site	Legislation	30.0%	35.0%	35.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Sufficient and well manage landfill sites	Legislation	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Sub-function 3 - (name)										
Promote clean and healthy environment	Number awareness									
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 33 MBRR Table SA8 - Performance indicators and benchmarks

FS204 Metsimaholo - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	0.7%	0.2%	0.7%	0.6%	0.6%	0.0%	1.2%	1.1%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.9%	0.9%	0.3%	0.8%	0.8%	0.8%	0.0%	1.4%	1.3%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	28.9%	2.2%	24.4%	24.4%	0.0%	4.7%	1.2%	2.6%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.0	1.1	1.0	1.8	1.7	1.7	–	1.8	1.7	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	1.1	1.0	1.8	1.7	1.7	–	1.8	1.7	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.1	0.1	0.0	0.0	–	0.0	0.0	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		84.3%	80.0%	83.3%	89.1%	83.0%	83.0 %	0.0%	87.7%	87.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		83.6%	78.6%	83.2%	89.1%	83.0%	83.0%	0.0%	87.7%	87.7%	88.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.1%	25.1%	23.7%	29.9%	37.1%	37.1%	0.0%	36.0%	34.1%	31.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	99.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0 %	90.0%	90.0%	90.0%
Creditors to Cash and Investments		642.4%	697.1%	1496.5%	821.1%	40875.9%	40875.9%	0.0%	2712.4%	69701.9%	3885.3%

March 2017

<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	11%	8%	3%	8%	3%	3%	3%	10%	10%	10%
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	15%	26%	16%	15%	14%	14%		15%	15%	15%
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.0%	22.5%	24.6%	25.4%	25.9%	25.9%	0.0%	24.6%	24.9%	25.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.5%	24.2%	26.8%	27.1%	27.5%	27.5%		26.2%	26.5%	26.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.2%	7.6%	8.0%	10.0%	10.3%	10.3%		10.3%	10.2%	10.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.3%	5.6%	4.8%	7.7%	7.8%	7.8%	0.0%	7.7%	7.6%	7.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	38.9	39.0	29.6	73.2	73.2	73.2	–	28.3	29.0	30.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30.0%	32.2%	33.9%	35.9%	45.6%	45.6%	0.0%	45.0%	43.0%	39.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.4	0.2	0.3	0.0	0.0	–	0.1	0.0	0.1

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Metsimaholo Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 1.7 and 1.8 in the 2017/18 financial year and 1.7 and 1.8 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.0 and stay unchanged in to 0.0 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- The Municipality has managed to ensure that 90 per cent of creditors are settled within the legislated 30 days of invoice. By applying daily cash flow management the municipality has managed to ensure creditors can be paid.

2.3.1.5 Other Indicators

- The electricity distribution losses have stayed unchanged at 10 per cent in the 2017/18 financial year the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses stay unchanged at 15 per cent in 2017/18
- Employee costs as a percentage of operating revenue stabilised over the MTREF.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also stabilising.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, electricity and basic sewer, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 15 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, basic water and electricity charges, 50 kWh of electricity, sanitation and free waste removal once a week, as well as a discount and additional up to maximum of R50.00 per month.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 110.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the Municipality's bulk water needs are provided directly by Rand Water in the form of purified water. The remaining 29 per cent is generated from the Municipality's water treatment works in Deneysville and Oranjeville.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The Municipality were awarded 89.4% on the Blue Drop status, with the Municipality's drinking water quality being within the desired standards. The Metsimaholo Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs. The municipality is awaiting the score of the latest assessment.

The 2 waste water treatment works will require renewals/upgrading to meet the minimum Green Drop certification standards. The Municipality received a 68.6% score on the 2013 audit and was amended for the vast improvement shown across all the systems. The municipality is awaiting the score of the latest assessment.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme and SETA programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Budget Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.2 Property Rates Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.3 Credit control, debt collection and customer care Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.4 Indigent Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.5 Virement Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.6 Asset Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.7 Cash Management Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.8 Supply Chain Management Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.9 Tariff Policy

The Municipality's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.10 Bad debt written off Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.11 Unauthorised expenditure, Irregular expenditure and Fruitless and waste full expenditure Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.12 Borrowing Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.4.13 Investment Policy

The policy will be review and submit to a workshop in April 2017. Any policy changes will form part of report in May 2017.

2.5 Overview of budget assumptions

2.5.1 External factors

The global economic outlook has weakened and South Africa's economic performance has deteriorated over the past several years. It is expected that recovery from this deterioration will be slow and uneven, and that growth from 3.6 per cent in 2011 will be down to 1.4 per cent in 2014 and 3% projected in 2017.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

The macro environment that influences the budget:

- Fuel increase exceeds 6% on a year-to year basis
- Depreciation of the Rand
- High unemployment rate
- Loss of jobs in manufacturing and construction industry
- Interest rate movement
- Increase in fuel cost leads to increases in all other input costs
- Growth forecast are below actual achieved
- Growth forecasts have been reviewed downwards

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18MTREF:

- (a) National Government macro-economic targets;
- (b) The general inflationary outlook and the impact on Municipality's residents and businesses;
- (c) The impact of municipal cost drivers;
- (d) The increase in prices for bulk electricity and water; and
- (e) The increase in the cost of remuneration. Employee related costs comprise 24 per cent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. A new wage agreement must conclude between SALGBC and the municipal workers unions. The re-employment of previous dismissed staff is a factor that was taken into account.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. A facility of R10 million be taken up for 2017/2018 MTREF.

2.5.4 Collection Rate for Revenue Services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (68.9 per cent) of annual billings. Cash flow is assumed to be 87 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' should limit consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2018. Negotiations took place for collective agreement for the period commencing 1 July 2015. The provision for salary increases is 7.4% to be in line with the collective agreement reached.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;

- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of between 88 and 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 34 Breakdown of the operating revenue over the medium-term

	Medium Term Revenue and Expenditure Framework					
	2017/2018		2018/2019		2019/2020	
	R'000	%	R'000	%	R'000	%
Property rates	129 932	11,19	138 054	11,29	146 534	11,26
Electricity	276 688	23,82	293 012	23,96	310 007	23,83
Water	20 773	1,79	22 005	1,80	23 288	1,79
Sanitation	411 895	35,46	436 458	35,69	461 592	35,48
Refuse removal	28 977	2,49	30 880	2,52	32 770	2,52
Interest	29 495	2,54	29 495	2,41	29 495	2,27
Transfers and Grants	215 807	18,58	223 439	18,27	247 027	18,99
Other own revenue	47 857	4,12	49 681	4,06	50 186	3,86
Total Operating revenue	1 161 424	100	1 223 024	100	1 300 899	100
Total Operating Expenditure	1 112 689		1 201 669		1 288 272	
Surplus/(Deficit)	48 735		21 355		12 627	

The surplus / (deficit) included in transfers and grants the capital grants of R68.1 million in 2017/2018, R55.5 million in 2018/2019 and R63.5 million in 2019/2020 financial years.

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

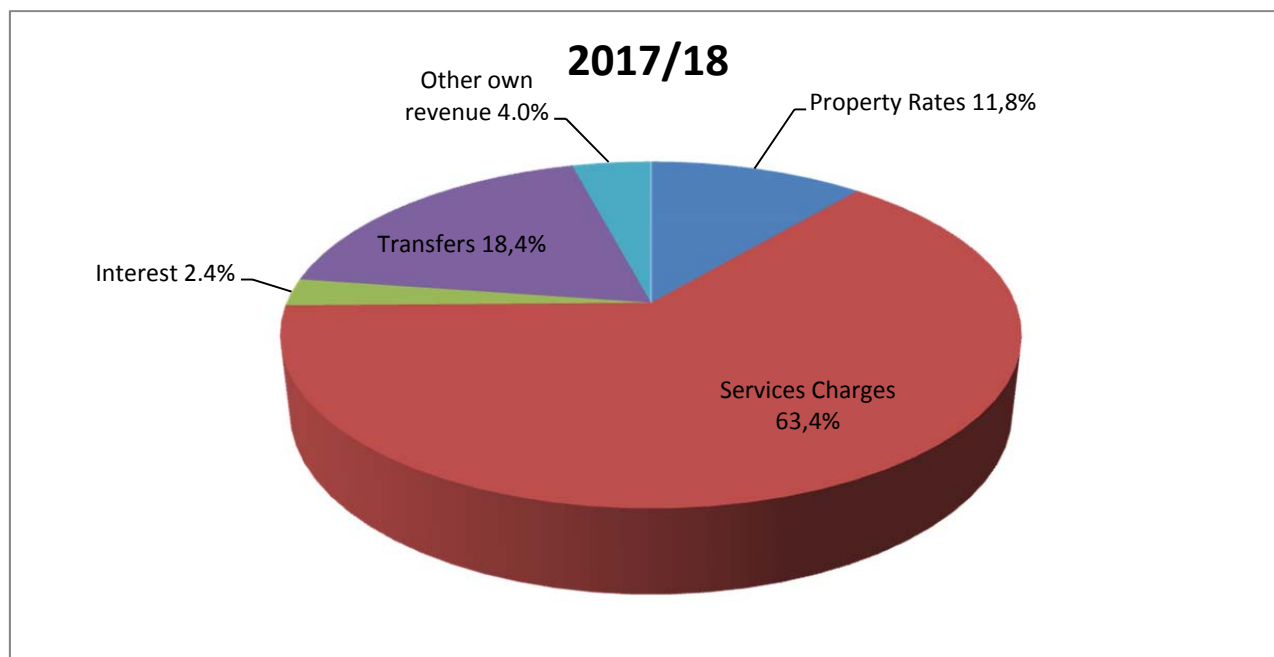


Figure 7 Breakdown of operating revenue over the 2017/18MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) from the remainder of the operating revenue.

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA),

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Proposed tariff increases over the medium-term

Revenue category	2017/18 proposed tariff increase	2018/19 proposed tariff increase	2019/20 proposed tariff increase
	%	%	%
Property rates	6.4	5.7	5.6
Sanitation	6.4	5.7	5.6
Solid Waste	6.4	5.7	5.6
Water	6.4-20	5.7	5.6
Electricity	8 to NERSA approval and tariff increase by ESKOM	5.7	5.6

The Municipality is still in a process of further data verification and validation relating to the valuation roll. The compilation of the new valuation roll will commence on 1 July 2017. It is anticipated that the process will be concluded by the end of June 2018. As the levying of property rates is considered a strategic revenue source the five year valuation of property started in the 4th quarter of the 2011/12 financial year. The new valuation roll was implemented on 1 July 2013.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R738 million for the 2017/18 financial year and increasing to R827 million by 2019/20. For the 2017/18 financial year services charges amount to 63.4 per cent of the total revenue base and increase by less than 1 per cent per annum over the medium-term.

Operational grants and subsidies amount to R147.7 million, R167.9 million and R183.5 million for each of the respective financial years of the MTREF.

Interest revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R29.5 million for the respective three financial years of the 2017/18 MTREF. Interest is mainly made up from outstanding debtors.

The tables below provide detail investment information and investment particulars by maturity.

Table 35MBRR SA15 – Detail Investment Information

FS204 Metsimaholo - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		16,826	11,332	13,116	10,000	-	-	5,000	-	3,000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers' Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Consolidated total:		16,826	11,332	13,116	10,000	-	-	5,000	-	3,000

Table 36 MBRR SA16 – Investment particulars by maturity

FS204 Metsimaholo - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months										
Parent municipality												
Absa call			call	y	variable		None	1,915	200	(24,000)	21,885	-
RMB call			call	y	variable		None	28	10	(38)	-	-
Necbank call			call	y	variable		None	73	100	(6,000)	5,827	-
Standard Bank call			call	y	variable		None	5,704	800	(150,000)	143,496	-
Investec			call	y	variable		None	6,230	180	(13,000)	6,590	-
Investec		32days	32days	y	Fixed	7%	30 June 2017		150	(5,150)	5,000	-
TOTAL INVESTMENTS AND INTEREST	1							13,950		(198,188)	182,798	-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Funding source	Audit 2015/16	Audit 2015/16	Adjust Budget 2016/17	Adjust Budget 2016/17	Budget 2017/18	Budget 2017/18	Budget 2018/19	Budget 2018/19	Budget 2019/20	Budget 2019/20
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Grants	69 962	60,0	68 591	54,2	98 114	63,1	55 492	36,3	63 545	60,3
Rejuvenation	14 728	12,6	12 475	9,9	0	0,0				
Ext funding		0,0	0	0,0	0	0,0	31 000	20,3	1 000	0,9
Finance lease	10 379	8,9	11 085	8,8	2 680	1,7	780	0,5	1 080	1,0
Own Funding	21 551	18,5	34 289	27,1	54 625	35,1	65 541	42,9	39 750	37,7
Total	116 620	100	126 440	100	155 419	100	152 813	100	105 375	100

The above table is graphically represented as follows for the 2017/18 financial year.

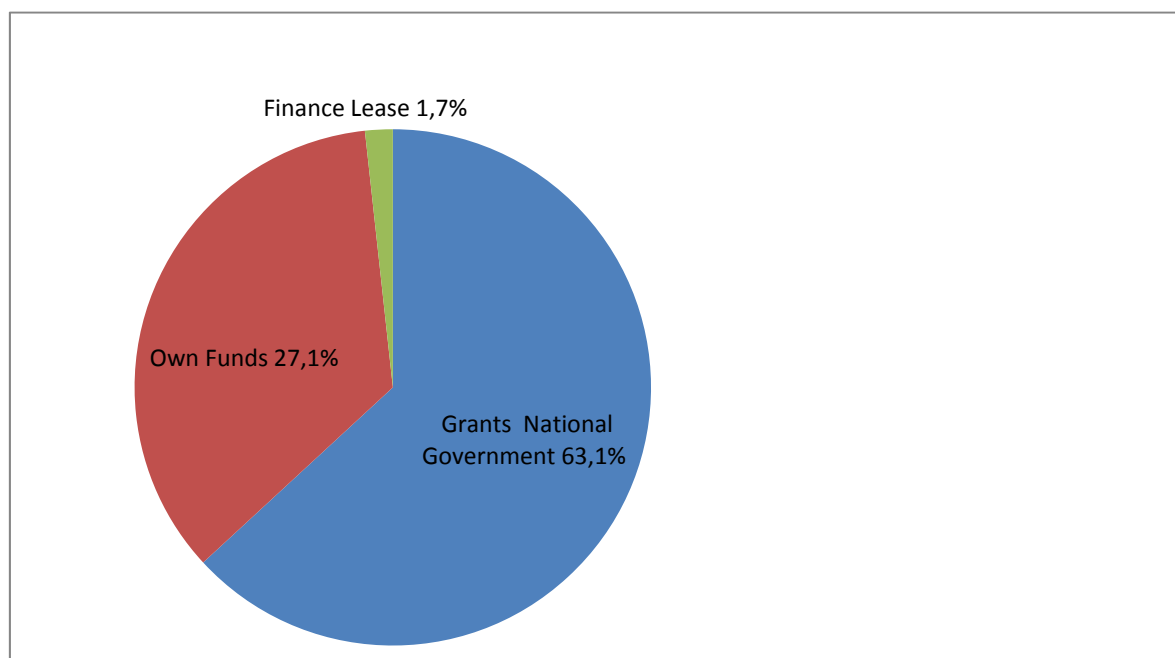


Figure 8 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 63.1 per cent of the total funding source which represents R98.1 million for the 2017/18 financial year and steadily decrease to R63.5million or 60.3 per cent by 2019/20, Grants received from MIG , DoE , DWS and Department of Sport – Free State .

Internally generated funds consist of R54.6 million in 2017/18, R65.5 million in 2018/19 and R39.7 million in 2019/20.

2.6.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

Table 38 MBRR SA10 – Funding compliance measurement**FS204 Metsimaholo Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures	–	–										
Cash/cash equivalents at the year-end - R'000	18(1)b	1	26,129	26,195	14,345	18,269	465	465	–	7,189	297	5,276
Cash + investments at the yr. endless applications - R'000	18(1)b	2	(111,191)	(109,431)	(119,979)	19,131	11,578	11,578	–	30,667	7,286	21,580
Cash year end/monthly employee/supplier payments	18(1)b	3	0.5	0.4	0.2	0.3	0.0	0.0	–	0.1	0.0	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	47,094	152,322	37,423	48,562	60,787	60,787	–	48,735	21,355	12,627
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	15.0%	0.2%	21.3%	(8.1%)	(6.0%)	(106.0%)	3.5%	0.0%	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	83.4%	73.1%	80.1%	87.3%	82.2%	82.2%	0.0%	83.5%	84.0%	85.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	17.2%	19.2%	20.1%	10.4%	11.9%	11.9%	0.0%	13.9%	13.8%	12.9%
Capital payments % of capital expenditure	18(1)c;19	8	87.7%	27.9%	85.1%	93.4%	90.1%	90.1%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	28.9%	2.2%	19.2%	19.2%	0.0%	4.7%	1.2%	2.6%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	29.8%	11.6%	34.9%	24.4%	0.0%	(100.0%)	8.0%	1.2%	(1.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	6.4%	5.5%	6.4%	8.2%	8.4%	8.4%	0.0%	8.8%	8.9%	9.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	1.5%	15.4%	12.0%	12.0%	0.0%	14.7%	12.5%	18.8%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

March 2017

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

<u>Supporting indicators</u>	–	–	–	–								
% incr <i>total service charges (incl prop rates)</i>	18(1)a			21.0%	6.2%	27.3%	(2.1%)	0.0%	(100.0%)	9.5%	6.0%	5.8%
% incr Property Tax	18(1)a			16.8%	2.8%	(0.9%)	6.9%	0.0%	(100.0%)	7.2%	6.3%	6.1%
% incr Service charges - electricity revenue	18(1)a			8.9%	6.8%	36.2%	1.2%	0.0%	(100.0%)	(3.8%)	5.9%	5.8%
% incr Service charges - water revenue	18(1)a			42.1%	3.8%	35.0%	(7.6%)	0.0%	(100.0%)			